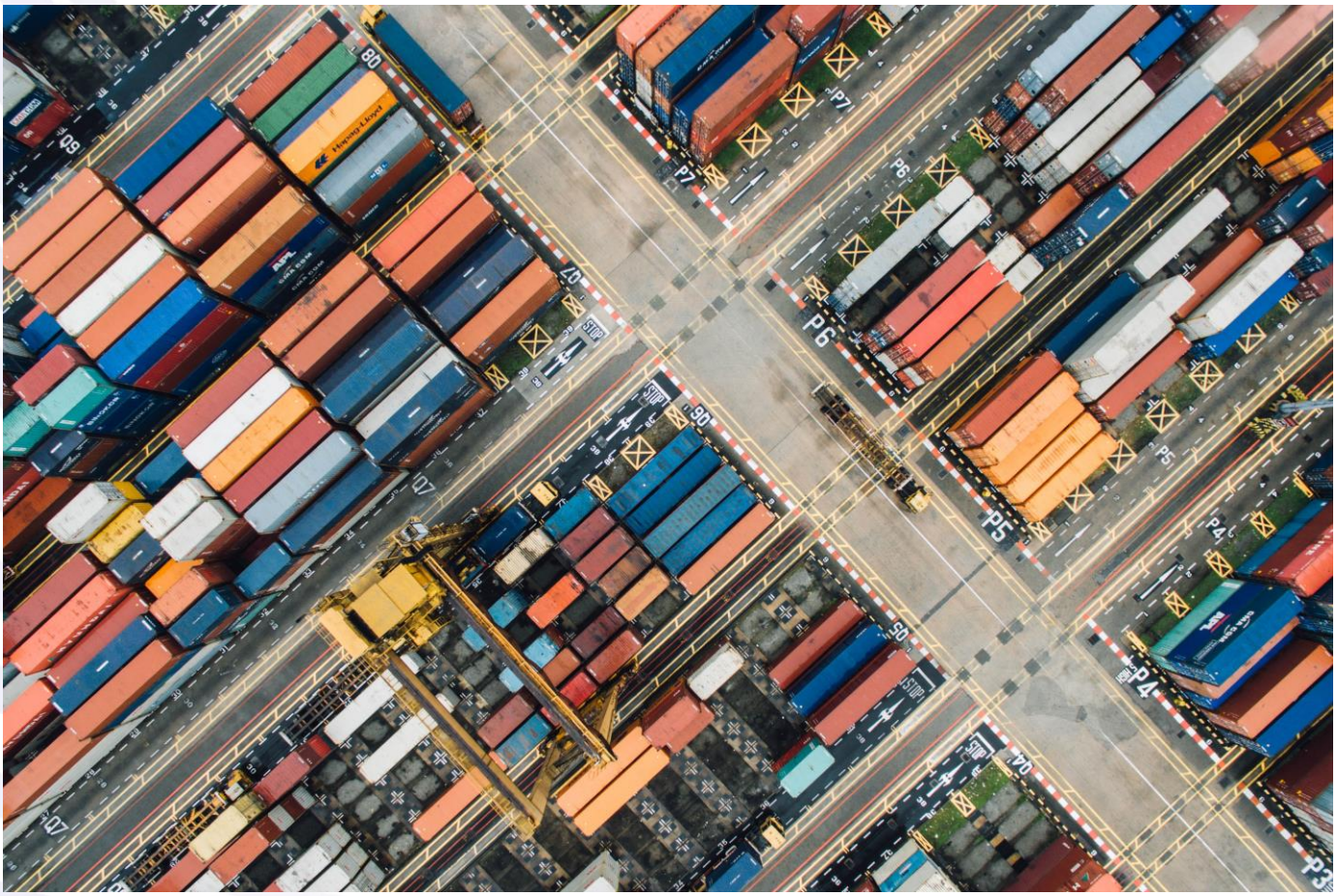
European Commission

Study to support the impact assessment of the initiative for developing an EU Single Window environment for customs

Final report



Written by Oxford Research, Coffey, Economisti Associati and wedoIT
February 2020

EUROPEAN COMMISSION

Directorate-General for Taxation and Customs Union
Directorate B – Digital delivery of Customs and Taxation Policies
Unit 1 – Processes & data, customer relationship and planning

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Luxembourg: Publications Office of the European Union, 2020

PDF	ISBN 978-92-76-16506-4	doi: 10.2778/938055	KP-04-20-124-EN-N

How to cite this report:
Oxford Research, Coffey, Economisti Associati and wedoIT, Study to support the impact assessment of the initiative for developing an EU Single Window environment for customs – Executive summary, Publications Office of the European Union, Luxembourg, 2020, ISBN: 978-92-76-16506-4, doi: 10.2778/938055, Catalogue number: KP-04-20-124-EN-N.

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Abbreviations and acronyms

AEO	Authorised Economic Operator
AGREX	Agriculture Export Licence
AGRIM	AGRIiculture IMport license
B2G	Business-to-Government
CED	Common Entry Document for Feed and Food of non-Animal Origin
CEFIC	European Chemical Industry Council
CERTEX	CERTificates EXchange
CHED	Common Health Entry Document
CHED-A	Common Health Entry Document for Live Animals
CHED-D	Common Health Entry Document for Feed and Food of Non-Animal Origin
CHED-P	Common Health Entry Document for Products of Animal Origin
CHED-PP	Common Health Entry Document for Plant Protection
CLECAT	European Association for Forwarding, Transport, Logistics and Customs Services
COI	Certificate of Organic Inspection
CVED	Common Veterinary Entry Document
CVED-A	Common Veterinary Entry Document-Life Animals
CVED-P	Common Veterinary Entry Document-Products of Animal Origin
DG	Directorate-General
DG AGRI	Directorate-General for Agriculture and Rural Development
DG CLIMA	Directorate-General for Climate Action
DG ENV	Directorate-General for Environment
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG MOVE	Directorate-General for Mobility and Transport
DG SANTE	Directorate-General for Health and Food Safety
DG TAXUD	Directorate-General for Taxation and Customs Union
DG TRADE	Directorate-General for Trade
eIDAS	Electronic Identification, Authentication and trust Services
EORI	Economic Operator Registration and Identification
F-gases	Fluorinated greenhouse gases
FLEGT	Forest Law Enforcement, Governance and Trade
FTE	Full-time equivalent
G2G	Government-to-Government
ICS2	Import Control System 2
IPCSA	International Port Community System Association
MS	Member State
NGO	Non-Governmental Organisation
ODS	Ozone-Depleting Substances
PCA	Partner Competent Authority

SME	Small- and Medium-sized Enterprises
UCC	The Unions Customs Code
UNECE	The United Nations Economic Commission for Europe
UUM&DS	Uniform User Management & Digital Signatures
WCO	World Customs Organisation

EXECUTIVE SUMMARY

Background and context

This report forms the output of a Study, carried out for the Directorate-General for Taxation and Customs Union (DG TAXUD) of the European Commission, to support the **impact assessment for an EU Single Window environment for customs**. In the context of the Study, a single window can be defined as a facility which allows parties involved in trade and transport to lodge standardised digital information and electronic documents with a single-entry point to fulfil all import, export and transit-related regulatory requirements.[1] These relate in particular to non-customs legislation that many goods are subject to at borders as part of the clearance process. An impact assessment is an aid to policy-making that is required for all EU initiatives that are likely to have significant economic, environmental or social impacts.

The purpose of the Study was to **conduct research, analysis and stakeholder consultation for the Commission's work on the impact assessment**, in line with the Commission's Better Regulation Guidelines[2] and Toolbox[3], and thereby inform decision-making. The Study was formally split into several tasks related to key elements of the impact assessment, namely:

1. Assessment of the extent of and evidence for the existence of problems, and their magnitude;
2. Refinement the general and specific objectives;
3. Description of the policy options;
4. Analyse the impacts of the options.

The study also included an evaluation of the **EU Single Window – Common Veterinary Entry Document pilot project** (hereinafter EU SW-CVED)[4]. As an initiative that aimed to address similar objectives to a future EU customs Single Window, and that would continue to exist in the absence of further action, this provided valuable input to the Study.

The **Study's scope included the entire EU and all relevant initiatives therein**, including national single windows in some Member States and EU customs and non-customs policies related to border management and goods clearance. In terms of practical implementation, the study lasted 24 months and was overseen by DG TAXUD and an inter-service steering group convened for the purpose of developing the future initiative.

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[1] See UNECE Recommendation 33 on establishing a Single Window, url: https://www.unece.org/fileadmin/DAM/cefact/recommendations/rec33/rec33_trd352e.pdf. It should also be noted that the recommendation is currently being revised in consultation with DG TAXUD and other key stakeholders, among other things to ensure adequate considerations of regional customs unions such as the EU Customs Union.

[2] SWD(2017) 350, in particular chapter III and chapter VII: https://ec.europa.eu/transparency/regdoc/rep/10102/2017/EN/SWD-2017-350-F1-EN-MAIN-PART-1.PDF

[3] Better Regulation Toolbox, in particular Chapter 1 - tool N° 4; Chapters II and III - tools N° 8 to 35; and Chapters 7 and 8 - tools N°53 to 65: https://ec.europa.eu/info/sites/info/files/better-regulation-toolbox.pdf

[4] In brief, EU SW-CVED was a voluntary initiative to facilitate the exchange of information between customs and partner competent authorities relating to non-customs regulatory requirements for goods crossing borders. It covered a specific set of regulatory requirements and is currently being expanded in the form of a successor project called the EU Customs Single Window-Certificates exchange (EU CSW-CERTEX).

Methodology

The **methodology** was based on the collection of data from the following sources, which was then analysed using a variety of techniques and triangulated.

Activity	Overview
Desk research	Analysis of secondary data from many sources, including legislation and other policy documents, customs and trade statistics, evaluations and reports on relevant policies and information on related initiatives at different levels.
General interviews	Many interviews took place throughout the Study, including 20 scoping interviews with EU officials and trade associations, in-depth interviews with the partner DGs responsible for relevant non-customs regulatory requirements, discussions with the contractor carrying out an IT impact assessment on the future initiative and a large number of ad hoc discussions with DG TAXUD and other Commission officials.
Direct consultation in the project group and High-Level Seminar	Much of the data collection took place in the framework of the Customs 2020 project group to study a possible framework to develop an EU Single Window environment for customs including the legal context (the 'project group'), which brought together 20 Member States and six trade associations. The data collection included five written questionnaires, a survey on the feasibility and desirability of the different policy options, and the results of discussions taking place during regular project group meetings and follow-up phone interviews. Additional data was also collected at a High-Level Seminar hosted by the Romanian Presidency in May 2019.
Public consultation	The purpose of the consultation was to provide economic operators, and the wider public (along with other interested stakeholders) with the opportunity to express their views on the existing situation and priorities and concerns for the future. The public consultation was carried out between 9 October 2018 and 17 January 2019 (i.e. more than 14 weeks). It obtained 371 valid responses, mainly from businesses.
Country case studies	Much of the detailed insight needed on the existing situation, costs, benefits and other likely impacts of the policy options, and experiences of EU SW-CVED, was obtained through country case studies. These covered a sample of eight Member States, combining different experiences with EU SW-CVED and national single window initiatives as well as diverse trading profiles. The sample included the Czech Republic, France, Germany, Ireland, Italy, the Netherlands, Romania and Spain. Each case study was comprised of 10-15 mainly face-to-face interviews with customs, partner competent authorities and economic operators, and a review of relevant documentation. The field visits took place between October 2018 and February 2019.
B2G use cases	To obtain the necessary insight on policy options involving business-to-government (B2G) collaboration (see explanation below), it was decided in the project group for a series of B2G 'use cases' to be carried out on a limited number of regulatory requirements. The use cases were led by Member State customs authorities in the Czech Republic, the Netherlands and Spain, with the coordination of DG TAXUD, the collaboration of the partner DGs and support of the study team. They covered regulatory requirements related to the import of live animals, forest management and waste shipment.

Regarding validity and limitations, the **study faced substantial and interrelated challenges** due to its broad scope (particularly regarding the over 60 pieces of relevant EU legislation), the difficulty to predict future impacts and the sensitivity and complexity of the issues at stake. These challenges meant that a balance had to be struck between representativeness and proportionality, and the acceptable level of uncertainty. For the former, the study triangulated between EU-wide, but fairly high-level, data collection from the public consultation; more detailed data from the project group; and specific, but less representative interviews in the eight case study Member States. To deal with the scarcity of hard data, assumptions were made based on the available evidence,

corroborated with other sources, and validated by knowledgeable experts. Overall, this allowed for estimates with a reasonable level of confidence. For the sake of clarity, the reasoning, assumptions and limitations behind all estimates are provided separately in each case.

Key findings and conclusions

The Study served to demonstrate that (1) the existing situation is sufficiently problematic as to merit new action; (2) that the EU is competent and well-placed to carry out this action; and that coherent sets of (3) policy objectives and (4) options can be defined within the EU's room for manoeuvre. The study also investigated the likely impacts of these policy options, demonstrating that EU action could generate significant positive impacts of an economic, social and environmental nature, thereby contributing to the objectives and making progress towards solving the problems identified.

The following conclusions, each related to a different part of the impact assessment, provide a foundation (alongside other sources) for the Commission to continue its work to develop the initiative.

Problem definition. The smooth flow of cross-border trade requires customs clearance and control procedures that are efficient while ensuring safety and security. In part, this is being achieved through the electronic systems mandated in the Union Customs Code, which are replacing paper format customs procedures with EU-wide electronic ones. A significant part of these systems will be in place by 2020. However, more than 60 non-customs EU acts (in sanitary, phyto-sanitary, environmental, fisheries, cultural heritage etc.) must also be enforced at external borders. These require documents other than the customs declaration and affect up to 13% of the nearly 300 million goods movements each year, many of which are highly sensitive[5]. Due to residual paper-based processes, and lacking interoperability and coordination among authorities (both between and within EU Member States), many of these movements are processed in ways that are inefficient as well as conducive to error and fraud. Moreover, the problem is unlikely to get better without express new action. National efforts are often piecemeal and, due to the proliferation of different solutions and inherently cross-border nature of international trade, could even exacerbate the problem inadvertently. The most relevant EU initiative, EU CSW-CERTEX, has had notable success, demonstrating the viability of the single window concept and improving the situation for some stakeholders. However, its voluntary nature and limited scope act as brakes on its potential to achieve major gains.

Rationale for EU action. Articles 33 and 114 of the Treaty on the Functioning of the European Union give the competences for action in this area. It also passes the subsidiarity test, given the transnational nature of the problems and EU ability to address these through coordinating action, reducing fragmentation and generating economies of scale, in addition to the demonstrated inadequacy of existing action. An EU Single Window environment for customs is also consistent with other EU policies and goals, and is favoured by a broad spectrum of stakeholders at different levels.

Policy objectives. Leading from the problems identified and suitable areas for EU action, a future initiative could pursue specific objectives related to enhancing inter-governmental and inter-agency cooperation, improving the enforcement of cross-border regulatory requirements and simplifying goods clearance processes for economic operators. This would feed into a general objective focused both on improving regulatory compliance and facilitating trade in the single market.

[5] Based on 2016 declarations data from DG TAXUD and feedback from national administrations.

Policy options. In addition to the continuation of the baseline scenario (i.e. the no-new-action option), a series of eight policy options were identified in close collaboration with DG TAXUD, partner DGs of the Commission, Member State customs administrations and trade associations. The options do not form a list from which a single option could be chosen, but rather fall into three broad categories, which could be packaged to form a future policy choice:

- Category I (options 1-4): options for government-to-government, back-end cooperation that would focus primarily on making it easier for customs and partner competent authorities to share information. Aside from technical solutions for implementation, the main distinction between options is in their scope. Option 1 covers EU regulatory requirements managed with EU electronic systems. Option 2 covers EU regulatory requirements managed in national electronic systems. Option 3 covers national regulatory requirements, whereas option 4 covers documents issued by third country authorities. These options are not mutually exclusive, but rather could be combined. However, since the implementation of these options would require a DG TAXUD middleware which is integral to option 1, this would need to form part of any policy package aside from the baseline scenario.
- Category II (options 5-7): options for business-to-government, front-end cooperation aimed at improving economic operators' interactions with customs and partner competent authorities. These options are mutually exclusive, meaning only one B2G option could form part of a policy package. Option 5 sets up a harmonised trader interface to interact with various EU certificate management systems. Option 6 establishes single windows at national level to provide economic operators with harmonised access points for regulatory formalities related to goods clearance. Option 7 is conceptually similar, but institutes a single trader portal for the whole EU.
- Category III (option 8): this is a cross-cutting option aimed at streamlining the way customs and partner competent authorities deal with information on economic operators. It would rely on the expanded use of the Economic Operator Registration and Information (EORI) system.[6]

Based on a screening exercise, options 1, 2, 6 and 8 were retained for in-depth analysis.

Analysis of the impacts of the policy options. The four retained options were examined in terms their likely impacts on the European Commission, national customs authorities, partner competent authorities and economic operators dealing with international trade, in addition to society as a whole. The types of impacts assessed can be described as follows:

- Direct economic impacts are comprised of the one-off implementation and recurrent costs of the initiative, and savings from reduced administrative burdens (as defined as costs due to information obligations). To estimate these, a variant of the standard cost model was used.[7] This was based on estimates of the amount of time saved per administrative operation for different stakeholders under the different policy options. For each option, the model was then applied by multiplying the number of operations (i.e. the number of customs declarations subject to the non-customs regulatory requirements covered by the different

[6] EORI is a database managed by DG TAXUD that assigns all economic operators engaging in customs operations with a unique number (the EORI number) that is used as an identifier for all dealings with customs authorities in the EU.

[7] The standard cost model is a method for assessing administrative costs imposed on among other things businesses and public administrations. It is based on the identification of information obligations (for the purpose of this study referred to as 'administrative operations'), whose costs for the regulatory addressees can be measured and quantified.

policy options) with the amount of time saved; the estimates were then monetised using standard hourly labour costs.

- Social and environmental impacts relate mainly to the effects from improved collaboration between authorities and better compliance and enforcement of the regulatory requirements in the scope of the policy options. Such impacts result from reduced fraud and errors, as well as better risk management during goods clearance, and include a range of social (e.g. on public health and safety, and security) and environmental (e.g. on the climate, pollution, and animal welfare) impacts. Given the scarcity of relevant quantitative data, these impacts were examined mainly qualitatively based on desk research and stakeholder feedback.

The **table below summarises the features and expected impacts** of the options retained for in-depth analysis. Since the study team was not requested to address the remaining elements of the impact assessment, i.e. the comparison of the options, identification of the preferred option, development of operational objectives, and plans for monitoring and evaluation, this analysis forms the main conclusion of the study.

Overview	Expected impacts
Category I: government-to-government, back-end cooperation	
Option 1: makes EU CSW-CERTEX mandatory, increases its functionality (to include features such as automated quantity management) and expands coverage to all non-customs regulatory formalities for which relevant information required by customs for clearance is available at central level. **Coverage**: circa 4.1m declarations per year (54% of declarations subject to relevant EU requirements)	**Direct economic impacts**: EUR 95.8m to EUR 152.0m annually once fully operational **Social and environmental benefits**: largest social and environmental impacts compared to the baseline, by generating major advances in collaboration, information-sharing and risk management.
Option 2: allows for the exchange of information for EU regulatory formalities handled through national systems, by creating links between partner competent authority electronic systems and national customs systems, and onwards to EU CSW-CERTEX to facilitate exchange between Member States. **Coverage**: circa 2.7m declarations per year (35% of declarations subject to relevant EU requirements)	**Direct economic impacts**: EUR 20.9m to EUR 39.7m annually once fully operational **Social and environmental benefits**: relatively limited, because it would not extend key functionalities, such as automated quantity management, to the regulatory requirements that it covers.
Category II: business-to-government, front-end cooperation	
Option 6, interoperable national single windows: each Member State to establish an integrated declaration system that would allow for joined up submission by economic operators of information required by customs and partner competent authorities for a range of EU regulatory formalities. This allows for delivery of the full single window concept, and would require the Commission to play a steering role. **Coverage**: circa 4.9m declarations per year (64% of declarations subject to relevant EU requirements)	**Direct economic impacts**: EUR 98.5m to EUR 139.8m annually once fully operational **Social and environmental benefits**: important benefits, since it would result in increased data harmonisation and interoperability that would be impossible otherwise.
Category III: Expansion of the use of EORI	
Option 8: to facilitate collaboration between the different authorities involved in border management, EORI will be opened up so that partner competent authorities can use it for validation purposes. **Coverage**: dependent on category I and category II options with which paired	**Direct economic impacts**: Annually once fully operational: With option 1: EUR 2.4m to EUR 3.8m; With option 2: EUR 722 000 to EUR 1.1m With option 6: EUR 2.4m to EUR 3.5m **Social and environmental benefits**: meaningful but (in line with its low cost) relatively minor, since option 8 only enables incremental improvements in the ability of customs and partner competent authorities to identify traders.

1. INTRODUCTION

This **Final Report** is the last of five main deliverables to be submitted to the Directorate-General for Taxation and Customs Union (DG TAXUD) by the study team (Oxford Research, Coffey, Economisti Associati and wedoIT) in the context of the Study to support the impact assessment of the initiative for developing a European Union (EU) Single Window environment for customs (hereinafter the "Assignment" or the "Study").

The purpose of the Study, and this report, are to provide input for an impact assessment on a future EU Single Window environment for customs. The report presents the findings of the Study, which are based on extensive data collection, consultation and analysis taking place from 2018 until mid-2019. After this introduction, the report is comprised of the following sections:

- **Chapter 2** presents an overview of the purpose and scope of the Study, and summary of the work carried out, with a focus on the data collection methods and how they fed into different aspects of the Study.
- **Chapter 3** presents the evaluation of existing EU action in this field, namely the EU Single Window CVED pilot and EU Customs Single Window CERTEX project.
- **Chapters 4-8** present findings related to different elements of the impact assessment, including the definition of the problem and how it would evolve without further intervention (Chapter 4), the rationale, objectives and policy options for future EU action (Chapters 5, 6 and 7, respectively), and the analysis of the impacts of the policy options (chapter 8).
- **Chapter 9** presents a brief set of conclusions on the work conducted.

The main report is followed by several **Annexes** that provide further detail on the methodology followed as well as presenting the detailed analysis from specific data collection tools.

2. BACKGROUND TO THE STUDY

This section presents the purpose and scope of the Study, followed by an overview of the approach followed and explanation of the validity and limitations of the results.

2.1. Purpose and scope of the Study

The Assignment consists of a study to support DG TAXUD on an **impact assessment for an EU Single Window environment for customs**. In the context of the Study, a Single Window can be defined as facility which allows parties involved in trade and transport to lodge standardised digital information and electronic documents with a single-entry point to fulfil all import, export and transit-related regulatory requirements.[8] These include in particular non-customs EU legislation that many goods are subject to at EU borders. An impact assessment is an aid to policy-making that is required for all EU initiatives that are likely to have significant economic, environmental or social impacts. It aims to verify the existence of a problem, identify underlying causes, assess whether EU action is needed, define objectives and analyse the advantages and disadvantages of the available solutions. An impact assessment needs to pass a quality assessment by the Commission's Regulatory Scrutiny Board in order for the initiative to proceed. Importantly, while an impact assessment may, as in this case, draw on support from external contractors, **the Commission services retain sole responsibility for drafting and submitting the impact assessment**.

The purpose of the Study was to **conduct research, analysis and stakeholder consultation to support the Commission's work on the impact assessment** in line with the Commission's Better Regulation Guidelines[9] and Toolbox[10], and thereby inform decision-making. The assignment was formally split into several tasks related to key elements of the impact assessment, namely:

1. Assessment of the extent of and the evidence for the existence of problems, and their magnitude;
2. Refinement of the general and specific objectives;
3. Description of the policy options;
4. Analysis of the impacts of the options on relevant stakeholders, defined as the Commission, national customs authorities, partner competent authorities, economic operators dealing with international trade and society as a whole.

In this way, **the Study provided key information, alongside other sources, for the Commission services** to complete the related parts of their impact assessment. The Study also made available evidence for the Commission on the other parts of the impact assessment, namely the options comparison, identification of the preferred option and development of operational objectives and monitoring and evaluation plans, where direct assistance from the study team was not requested.

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[8] See UNECE Recommendation 33 on establishing a Single Window, url: https://www.unece.org/fileadmin/DAM/cefact/recommendations/rec33/rec33_trd352e.pdf. It should also be noted that the recommendation is currently being revised in consultation with DG TAXUD and other key stakeholders, among other things to ensure adequate considerations of regional customs unions such as the EU Customs Union.

[9] SWD(2017) 350, in particular chapter III and chapter VII: https://ec.europa.eu/transparency/regdoc/rep/10102/2017/EN/SWD-2017-350-F1-EN-MAIN-PART-1.PDF

[10] Better Regulation Toolbox, in particular Chapter 1 - tool N° 4; Chapters II and III - tools N° 8 to 35; and Chapters 7 and 8 - tools N°53 to 65: https://ec.europa.eu/info/sites/info/files/better-regulation-toolbox.pdf

The Study also included an evaluation of the **EU Single Window CVED pilot project (hereinafter EU SW-CVED)**[11]. This is relevant to a future EU Customs Single Window environment for several reasons. First, as part of the existing landscape, it is important to know how the pilot has performed in order to gauge the extent and scale of the current problems. Second, since the project (in the form of its successor the EU Customs Single Window-CERTEX project (hereinafter EU CSW-CERTEX) would continue to exist even without a new initiative, it was important to assess it as part of the 'baseline scenario' that needs to be examined for all impact assessments. Finally, by examining experiences and perceptions in countries that have opted to participate and not participate in the project since its launch in 2015, some inferences can be made about the likely impacts of the options for future action.

The **scope of the Study** included the entire EU and all relevant initiatives therein (including national single windows in some Member States and EU customs and non-customs policies related to border management and goods clearance). For some aspects of the Study (such as the public consultation) it was possible to collect and analyse data from all Member States. However, due to the need to take a proportionate approach to the analysis, most data collection and analysis focused on the 20 Member States participating in the Customs 2020 Project Group to study a possible framework to develop the EU Single Window environment for customs including the legal context (hereafter referred to as the 'project group').

The Study was **underpinned by several principles**. These include a focus on information with a clear added value, flexible support for DG TAXUD in providing assistance for the impact assessment process, extensive stakeholder consultation, triangulation from different sources of evidence, an understanding of the iterative nature of impact assessment, an efficient use of resources and rigorous quality standards.

In terms of practical implementation, the study lasted **24 months and was overseen by DG TAXUD and an inter-service steering group** convened for the purpose of developing the future initiative.

2.2. Approach followed

The findings of the Study are based on data which has been collected from a variety of sources, then analysed and triangulated. The table below gives an overview of the data collection methods and their use for the Study. This is supplemented with methodological overview sections in Chapter 3 on the evaluation of EU SW-CVED and Chapter 8 on the analysis of the impacts of the policy options, which explain the analytical methods employed and validity of the findings. More details can also be found the Annexes on specific methods.

Table 1: Data collection methods

Activity	Overview
Desk research	Desk research contributed to all aspects of the Study and drew on a wide variety of sources, including legislation and other policy documents, customs and trade statistics, evaluations and reports on relevant policies and information on related initiatives.
General interviews	Many interviews have taken place throughout the Study to inform different aspects of the work. These have included:

[11] In brief, EU SW-CVED was a voluntary initiative to facilitate the exchange of information between customs and partner competent authorities relating to non-customs regulatory requirements for goods crossing borders. It covered a specific set of regulatory requirements and is currently being expanded in the form of a successor project called the EU Customs Single Window-CERTEX (EU CSW-CERTEX).

	• 20 scoping interviews with DG TAXUD, other Commission DGs, trade associations and national customs authorities; • In-depth interviews with partner DGs AGRI, CLIMA, ENV, MOVE, MARE and SANTE regarding their concerns and potential participation in the future initiative; • Several discussions with the contractor carrying out an IT Impact Assessment for DG TAXUD on the future initiative; and • A large number of ad hoc discussions with DG TAXUD and other Commission officials for the purpose of obtaining additional data and sense-checking draft findings.
Direct consultation in the project group and High-Level Seminar	Much of the data collection took place in the framework of the project group, which brought together 20 Member States and six trade associations. The data collection included five written questionnaires (on volumes of relevant supporting documents; clearance processing times and costs; views on one of the policy options; experiences with EU SW-CVED; and a follow-up to fill gaps from previous consultations), a survey on the feasibility and desirability of the different policy options; and the results of discussions taking place during period project group meetings and follow-up phone interviews. In addition, the study team also collected data on the desirability and feasibility of the policy options at a High-Level Seminar hosted by the Romanian Presidency in May 2019. This allowed the Study to gauge senior-level engagement with the initiative and thereby make judgements about political and technical feasibility.
Public consultation	The purpose of the consultation was to provide economic operators, and the wider public (along with other interested stakeholders) with the opportunity to express their views on the nature and scale of problems with the current situation and to identify their priorities and concerns relating to any future action. The public consultation was launched on 9 October 2018 and remained open until 17 January 2019 (i.e. more than 14 weeks). It obtained 371 valid responses, of which the majority (264) represented businesses. While the responses cannot be deemed representative, it is notable that they largely confirmed the existence of issues described in the problem analysis (Section 4) and agreed with the need for EU action to improve the situation.
Country case studies	Much of the detailed insight needed on the existing situation, costs, benefits and other likely impacts of the policy options, and experiences of EU SW-CVED so far, was obtained through country case studies. These covered a sample of eight Member States (increased from an initial sample of seven to ensure adequate coverage), combining different experiences of EU SW-CVED and national single window initiatives as well as diverse trading profiles. The sample included the Czech Republic, France, Germany, Ireland, Italy, the Netherlands, Romania and Spain. Each case study was comprised of 10-15 mainly face-to-face interviews with customs, partner competent authorities and economic operators, and a review of relevant documentation. The field visits taking place between October 2018 and February 2019. Setting up the field visits took considerable time and involved some logistical challenges (most importantly, Slovakia was replaced with Romania due to the limited availability of interviewees in the former). However, strong support from key national officials and DG TAXUD ensured that the visits took place successfully and drew on a wide range of views and experiences. These largely provided the desired evidence, though it was difficult to obtain quantitative data on some aspects, such as likely implementation costs at national level and amounts of time spent on given clearance procedures. Nonetheless, the case study interviews provided the information needed to make reasonable assumptions about these issues, thus informing the quantitative estimates.
B2G use cases	Consultation in the project group and early case study fieldwork showed that evidence on the policy options for B2G collaboration was especially hard to come by. This was because the practical implications of these options at national level had not yet been worked through in enough detail. To obtain the necessary insight, it was thus decided in the project group for a series of

	B2G use cases to be carried out for a limited number of regulatory requirements. The use cases were led by Member State customs authorities in the Czech Republic, the Netherlands and Spain, with the coordination of DG TAXUD, the collaboration of the partner DGs and support of the study team. They covered regulatory requirements for the import of live animals, forest management and waste shipment.

2.3. Validity and limitations

The Study faced substantial and interrelated challenges due to its broad scope, future-oriented focus and the sensitivity and complexity of the issues at stake. These included:

- **Broad scope**: the Study needed to cover not only customs policy, but border management as a whole, for the entire EU. This relates to the over 60 pieces of EU legislation that must be enforced at borders, as well as the specificities and interests of the different Member States, ports of entry, partner competent authorities responsible for relevant policies and economic operators. This creates problems of representativeness that make it was difficult to draw conclusions or make extrapolations based on the experiences of small samples of Member States or data on specific regulatory requirements. At the same time, it would have been impossible to collect detailed feedback from the many thousands of actors involved.
- **Future-oriented focus**: while an impact assessment must give an informed view about the likely impact of policy options, the future is inherently uncertain. This is especially acute in the present Study, since the effectiveness of a future Customs Single Window would depend on many factors, such as trade patterns, technology and political priorities, whose future development is complex, interdependent and difficult to predict.
- **Complexity and sensitivity of the issues at stake**: the assessments both of the current situation and likely future developments depend on estimations regarding such factors as costs of major IT projects, volumes of certain kinds of goods clearance operations, the time needed for officials and economic operators to deal with these and business processes and other details related to specific goods, operators and countries. While it would have been disproportionate to collect representative data on each of these aspects, few existing studies and sources are granular enough to feed into the analysis. Moreover, data on costs and goods controls is typically considered highly sensitive, for both security and internal political reasons. This made it difficult to obtain many relevant figures despite substantial efforts.

To deal with these challenges, the **Study had to strike a balance between representativeness and proportionality, and to take decisions about the acceptable level of uncertainty**. Regarding the former, the study triangulated between EU-wide, but fairly high-level, data collection from the public consultation; fairly detailed, ongoing data collection from members of the project group; and highly specific, but less representative interviews related to a number of specific initiatives and operations in eight case study Member States. On the latter, to make quantitative estimates despite the scarcity of figures from key stakeholders, assumptions were made based on the limited available data, corroborated where possible with other sources, and validated by officials from the Commission and Member States, as well as technical experts on the study team. Overall, this allowed for estimates with a reasonable level of confidence. Moreover, the reasoning, assumptions and limitations behind all estimates were provided separately in each case.

3. EVALUATION OF THE EU SW-CVED PILOT AND EU CSW-CERTEX

3.1. Introduction

This section presents the evaluation of the so called "EU Single Window CVED pilot" since its launch in 2015 and to the extent possible, its successor, the EU Customs Single Window -CERTificate Exchange (EU CSW-CERTEX) project which is in an earlier stage of implementation, is also considered.

The state of play in term of coverage and participation in the pilot and its successor are presented in the box below.

Box 1: Subject of the evaluation

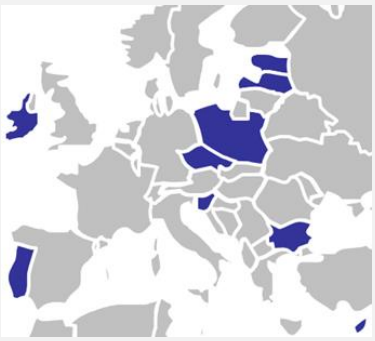
The scope and state of play of the initiative evaluated is as follows.

- The **EU Single Window CVED pilot** (EU SW-CVED pilot) which allows customs authorities to automatically verify three supporting documents was launched in 2015 and covered:
  - ✓ CED (Common Entry Document) for imports of feed and food of non-animal origin
  - ✓ CVED-A (Common Veterinary Entry Document Animals) for imports of animals
  - ✓ CVED-P (Common Veterinary Entry Document Products) for imports of products with animal origin
- Its successor, known as the EU Customs Single Window **CERTEX project** (EU CSW-CERTEX), expanded the scope of regulatory requirements to include (as of 2019):
  - ✓ CHED-PP (Common Health Entry Document for Plant Protection) for wood, fruits and vegetables
  - ✓ FLEGT (Forest Law Enforcement, Government and Trade) for imports of timber
  - ✓ COI (Certificate of Organic Inspection) for imports of organic products

Further expansion is foreseen encompassing the following regulatory requirements: ODS (Ozone-Depleting Substance); F-GAS licences; dual use export licenses of DG TRADE, while more (including non-food product safety and compliance, market surveillance[12]) are under discussion.

The geographical coverage of the pilot and its successor is as follows:

1. Bulgaria (2015)
2. Latvia (2015)
3. Slovenia (2015)
4. Ireland (2015)
5. Czech Republic (2015)
6. Cyprus (2016)
7. Poland (2016)
8. Estonia (2017)
9. Portugal (2019)



NB. France is planning to join CERTEX and is making the necessary technical arrangements. Belgium has also decided to join the CERTEX project in the next two years and has started taking steps in terms of IT developments. Other Member States have signalled a desire to join.

The purpose of this evaluation is to provide evidence for the study for the impact assessment. More specifically, by investigating the pilot's relevance, effectiveness (insofar as is relevant given the pilot nature of the initiative), efficiency, coherence and

Regulation (EU) 2019/1020 of the European Parliament and of the Council on market surveillance and compliance of products, which intends to upgrade compliance and enforcement rules for products covered by EU legislation, provides for linkages and data transfer between national customs systems and the EU information database for market surveillance (ICSMS) through the EU Single Window environment for customs The electronic interface should be in place within four years following the adoption of the required implementing legislation. It will initially be developed in the context of the CERTEX project. (see https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.169.01.0001.01.ENG&toc=OJ:L:2019:169:TOC).

EU added value, the evaluation helps understand the nature and scale of the existing problems and how the situation would likely evolve without further intervention (i.e. the baseline scenario). By providing insight into such areas as reasons for participating or not participating, costs incurred and experiences so far, the evaluation also provides useful insight for the analysis of the likely impacts of the policy options.

When reading the evaluation findings, it should be borne in mind that EU SW-CVED was a pilot, with a scope of just three reporting obligations (CVED-A, CVED-P and CED) and voluntary participation (of five Member States in 2015, rising to eight by the end of 2017). This allowed it to play a valuable role in testing the viability of the concept and allowing for some experimentation before expanding its scope and rolling it out to all Member States. At the same time, the pilot nature of EU SW-CVED has also limited its potential to address the problems described in section 3 and generate benefits for customs authorities, partner competent authorities and economic operators. This was expected, and is reflected in the terms in which EU SW-CVED is judged in the ensuing sub-sections.

As a reference point for the analysis, we have developed a summary of the intervention logic of the pilot (and its successor). This is a high-level summary connecting the needs, inputs, activities to the initial results, specific purpose and overall objective. Where relevant we distinguish between the functional results / objective and the pilot results / objective.

Table 2: Simplified intervention logic of the pilot initiative

Needs	Inputs	Activities	Initial results	Specific purpose	Overall objective
To improve coordination between customs and non-customs authorities More integrated, faster and simpler paperless processes for goods clearance More effective implementation of key non-customs EU regulations	Financial and human resources from the Commission and Member States	Development and implementation of links between DG TAXUD middleware and (1) DG SANTE's database (TRACES) and (2) national customs IT systems	**Initial results:** System for electronic exchange of CVED-A, CVED-P and CED documents between customs, partner competent authorities and DG SANTE via DG TAXUD middleware. **Pilot results**: Learning from implementation experience (needs of users and practical implementation challenges)	**Functional objective**: • more effective and efficient implementation of EU rules and regulations • improved coordination between customs and non-customs authorities • moving from the paper flow to digital environment **Pilot objective:** develop an understanding of the viability of the approach to automated exchange between customs and non-customs authorities	Use of digital technologies to coordinate government processes to ensure a secure and sustainable environment for all parties involved in international trade.
The intervention logic for EU CSW-CERTEX is the same, but has an expanded scope of more regulatory requirements and additional functionalities, and participation from more Member States.					

Sources of evidence

The evaluation relies on essentially the same sources of evidence as the rest of the study for the impact assessment. As a starting point, it used existing sources, such as the legal text for the paperless environment for customs and trade[13], the Evaluation of the electronic customs implementation in the EU[14] and the EU CSW-CERTEX business case[15]. These were based on extensive consultation about the pre-existing situation, and thereby provide evidence of the project's underlying rationale (i.e. relevance). Additional evidence was gathered from:

- Field visits to eight Member States, which facilitated the collection of first-hand views and experiences of national authorities in participating and non-participating countries.
- A questionnaire sent to project group members for feedback on the rationale for joining or not joining, as well as experiences so far, especially costs of joining (i.e. one-off implementation and maintenance costs) and benefits (i.e. savings from reduced amounts of labour needed to deal with goods clearance).
- Interviews carried out with different Commission officials working with various regulatory requirements, which also allowed the study team to gain an up-to-

[13] Decision No70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade, OJ L 23, 26/01/2008, p. 21-26
[14] Evaluation of the electronic customs implementation in the EU Final report (21 January 2015), https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/ecust_evaluation_final_en.pdf
[15] Business Case – EU Customs Single Window: Certificates exchange (December 2016)

date understanding of the utility of the project for different reporting requirements.

- The views gathered from economic operators through targeted interviews and the open public consultation are included.
- Available data on the volumes of declarations requiring CED, CVED-A and CVED-P for four participating countries (the Czech Republic, Estonia, Ireland and Latvia) were combined with qualitative information to make estimations on time saved for different stakeholders in our assessment of the efficiency of the EU SW CVED pilot.
- Relevant data from the EU Customs Single Window Architecture Evolution and Change Management Policy project provides insights from stakeholder consultation with Member State custom authorities focused on the technicalities of implementation.

3.2. Relevance

1. *To what extent do the EU SW-CVED pilot and EU CSW-CERTEX correspond to the needs of stakeholders, namely (different types of) economic operators and public authorities?*

Coverage of question

This question assesses the EU SW-CVED pilot and EU CSW-CERTEX's capacity to address needs of different stakeholders. The two initiatives aim to address the need for synchronisation of digitalisation efforts of the Member States and the European Commission in the customs area. As clarified in the introduction, as a pilot, EU SW-CVED entails testing the concept of digital verification of the supporting documents issued by the partner competent authorities other than customs, which are required to support the customs declaration of certain goods. This technical solution aims to address a need to improve coordination between customs and non-customs authorities for greater efficiency and effectiveness in the implementation of EU regulation. The needs of economic operators are, likewise, related to faster, simpler and more integrated processes for border management. The relevance question is focused on assessing how appropriate the technical solution is, in terms of its functionalities and scope. A separate question (see question 3) deals specifically with an assessment of the effectiveness of the CVED pilot and EU CSW-CERTEX in achieving the objectives.

Evidence base

This question draws on the existing documentary sources mentioned in the introduction, and consultation with stakeholders in both participating and non-participating Member States. The assessment of relevance is based mainly on qualitative data relating to the problems experienced by Member States and the extent to which the EU SW-CVED pilot and EU CSW-CERTEX are designed in a way that can address these problems. Quantitative data on declaration volumes is used to assess the scale of the SW-CVED pilot and EU CSW-CERTEX in relation to other reporting obligations facing economic operators. It is important to remember that the CVED pilot and EU CSW-CERTEX aim to test an approach as this provides context for how far they can meet stakeholders' needs.

Answer to evaluation question

The problem consistently experienced by those involved in the import and export of goods is that of insufficiently coordinated and inefficient goods clearance processes. While the specificities and scale of the problem vary by Member State and regulatory requirement, customs authorities, partner competent authorities and economic operators trading in Member States are affected. The implications of these inefficiencies include duplication of information and procedural redundancies as systems do not

"speak to" one another, paper is passed from one authority to another, different authorities request the same information, and so on.

Participating countries were asked about the relevance of the CVED pilot to address their needs. They confirmed that from a functional point of view, the pilot addressed the basic need for more integrated border management and more efficiency through automated checks between supporting documents and customs declarations. For the reporting formalities covered in the pilot, there is now the possibility for automated checks. According to stakeholders, the need for automated checks was particularly important for goods being traded in higher volume when the time for manual exchange of data and checks was cumulatively more onerous (with the opposite true in the case of smaller import/export volumes)[16]. Participating Member States also confirmed that through the new approach, the competent authorities were coordinated in a way that was previously not possible (i.e. when they used systems that were not designed to share information between each other). This addresses the need for greater coordination between authorities.

The perceived relevance of the EU CSW-CERTEX, is in part demonstrated by the desire and willingness to join among Member States. In addition to the nine Member States already engaged, others, such as France, Belgium, Malta, Lithuania, and Luxembourg are actively planning to join, some of whom have been enticed by technical improvements introduced over time[17]. Some other Member States (such as the Netherlands, Spain and Germany) foresee joining once certain functionalities are available, or participation has reached a sufficient threshold.

Similarly, at the EU level, an increasing number of Directorates General are also investigating the possibility to join the EU CSW-CERTEX[18]. The increasing number of Member States and Directorates General interested in joining the project further serves as evidence of the ability of the approach to meet the needs of stakeholders.

In line with the pilot nature and limited scope of the EU SW-CVED pilot and EU CSW-CERTEX there are limitations to the extent to which (with their current scope) they can fully satisfy stakeholders' needs. More concretely, the number of regulatory requirements covered corresponds to only about a third of the import declarations requiring supporting documents from non-customs EU legislation each year.[19]

Beyond the scope, the experience from the pilot and successor project provide information about what unfilled needs remain and what needs should be considered for future planning. Both participating and non-participating Member States cited the following (unmet) needs:

- The connection currently only allows national authorities to "poll" available information from TRACES (i.e. authorities need to electronically and periodically send a request to TRACES for updated information). This means that authorities do not have continuously updated information from TRACES. It would be similar

[16] This was the case for "FLEGT" (Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community) in Ireland, where the volume of timber imports is not high enough to justify the inclusion of this reporting requirement.

[17] For instance, while the EU SW-CVED pilot did not initially correspond to national authorities' need to be able to retrieve the full supporting document in a universally readable format, this functionality has been added for EU CSW-CERTEX. The introduction of this function in 2018 was one of the determining factors in France's decision to join for example.

[18] DG SANTE (CVED-A, CVEDP and CED), DG ENV (FLEGT), DG AGRI (COI) are already involved, while DG MARE (IUU), DG CLIMA (ODS and F GASES) are preparing to join.

[19] According to data provided by participants in the project group and extrapolations by the study team, just under 3.5m import declarations each year are subject to non-customs regulatory requirements at the border. Of these, about 1.3m (i.e. 36%) require CVED-P, CED or CVED-A.

to having to input your inbox every few hours and not simply getting an alert when a new email comes in. Member States would be interested in the possibility to automatically exchange information with TRACES, enabling updates in real time.

- EU-level quantity management is not possible in the current system (it would require for all Member States to be using the system and for the system to be updated continuously in real time), meaning that authorities must manually check whether a supporting document has already been depleted. Having manual checks makes fraudulent reuse of documents possible, as there is no strict one-to-one relationship between a supporting document and a customs declaration.

The lack of quantity management was also cited as a problem by EU authorities as well. For instance, for DG CLIMA, the value of the EU CSW-CERTEX is limited if it is not mandatory for all Member States, as it cannot be used for EU quantity management. An increasingly important area for EU level quantity management is F GAS licenses. Phasing down of F GAS quotas as part of the EU's commitment to contribute to global reductions in F GASES which are extremely harmful to the environment has spurred huge price increases and been linked to concerns about illegal activity and (potential fraud) according to a well-research study based on interrogation of customs data and license data[20].

For economic operators in particular, the digital connection between government authorities is a step in the right direction to meet their needs[21]. However, these connections do not allow processes to be simplified fully. For instance, economic operators continue to face the requirement for paper documents to be filed (alongside the digital processes). According to stakeholders consulted, a legislative framework to give digital signatures legal value would mean that electronic supporting documents could be used at the EU level, avoiding the duplication with paper documents.

Conclusion

The evaluation confirms that the EU SW-CVED pilot and EU CSW-CERTEX are in line with the needs of stakeholders in terms of more integrated border management and more efficiency through automated checks between supporting documents and customs declarations. While there are limitations to the relevance which relate to the pilot nature of the solutions to date. As new functionalities are introduced, and coverage of regulatory requirements increases so too does the project's relevance. Nevertheless, the continued existence of unmet needs showed that stakeholders continue to face a number of problems. More specifically: :

- EU quantity management is needed to close enforcement gaps and remains impossible without full mandatory participation of all Member States.
- Upgrades to the connections between systems would be required to allow for real time continuous updates (rather than periodic polling).
- The continued need for economic operators to provide paper documents alongside digital ones limits the benefits economic operators can realise but

[20] Door wide open, Environment

[21] Indeed, five trade associations, whose members represent economic operators dealing with border formalities on a daily basis, were consulted regarding the relevance of EU SW-CVED pilot and confirmed that broadly the developments were in line with their needs for more integrated border management. The organisations interviewed were: Easy Frontier, International Port Community System Association (IPCSA), Dow Benelux B.V. (in representation of European Chemical Industry Council - CEFIC), World Shipping Council, and European Liaison Committee of Common Market Forwarders (CLECAT).

resolving the issue would require a legislative framework giving digital signatures legal value.

3.3. Effectiveness

2. *To what extent has the EU SW-CVED pilot project been implemented as planned?*

Coverage of the question

This question assesses the implementation process of delivering the CVED pilot, and experiences of this process from participating Member States.

Evidence base

This question draws on the experiences of the nine Member States participating in the EU CSW-CERTEX to date[22]. Specifically, Member States were asked to answer questions about their experiences of implementation in a written questionnaire shared with the project group.

Answer to evaluation question

For the most part, the EU SW-CVED pilot was implemented as planned, with no significant issues identified. Certain participating Member States reported the process to have been smooth and without incidence. This was the case for Czech Republic and Ireland who joined in (2015), and two later volunteers: Estonia and Portugal.

Notwithstanding the overall positive experience, feedback from customs authorities participating in the project group also shows some lessons could be learned from the implementation process itself. Experiences of this process were not uniformly seamless. The reasons for this varied but can be summarised as teething problems. For instance, the key issues reported were:

- delays in providing details for conformance testing for necessary IT developments (cited to have been an issue in Poland) and/or
- incomplete technical specifications, which created issues for IT resource planning within Member States (as was the case in Ireland and Cyprus).

Both Cyprus and Poland commented on the additional costs incurred for countries piloting systems, as adjustments are made, which are not necessarily "backward compatible"[23]. The precise figures for additional costs were not available.

Similarly, the lack of robust technical release plans was reported to have slowed down implementation in some cases and made it difficult for benefits to be realised initially. This was reported to be the case in Ireland, Latvia and Cyprus. For instance, Latvian authorities, while positive about the introduction of the PDF functionality found mismatches between this and electronic versions of CED/CVED documents.

These experiences show that, in line with its purpose, the pilot was a learning experience for Member States, and the Commission. But it also provides ideas and insights into how to manage future developments, as follows: the importance of maintaining parallel systems alongside new solutions, as well as planning in backward compatibility, was

[22] Bulgaria, Latvia, Slovenia, Ireland, Czech Republic, Cyprus, Poland, Estonia and Portugal

[23] Backward compatible refers to the need for developments to consider the requirements of existing systems – i.e. not to require a complete overhaul of existing systems but to consider how to develop systems which are compatible with previous systems

stressed as crucial for future upgrades or developments. Member States also emphasised the importance of sharing the integration guidance document prepared by the Commission ahead of conformance testing to help them with smooth implementation[24]. Teething problems can – and in some case did – have a detrimental impact on economic operators who experienced delays and a lack of predictability in clearance processes.

Conclusion

Implementation proceeded with varying degrees of ease for the different Member States involved to date, but for the most part proceeded as planned.

In line with the pilot nature of the project, some customs authorities reported facing specific issues which can be summarised as "teething problems". These are actually useful as lessons that can be learned for future participants and confirm the importance of having a pilot.

The main take-away lessons learnt related to:

- ensuring backward compatibility to minimise costs of additional functionalities;
- maintenance of parallel back-up systems to minimise disruption; and
- sharing integration guidance ahead of conformance testing to facilitate smooth implementation.

[24] Survey result from "EU Customs Single Window Architecture Evolution and Change Management Policy project"

3. *To what extent have the EU SW-CVED pilot and* EU CSW-*CERTEX delivered on their objectives and expected outcomes in line with their scope?*

Coverage of question

This question looks at whether the CVED pilot and EU CSW-CERTEX are delivering on their objectives and expected outcomes. The objective of the EU SW-CVED pilot and EU CSW-CERTEX was to test the viability of the idea to have automated checks of supporting documents by customs for a limited number of certificates. The CVED pilot and EU CSW-CERTEX have not (yet) fully replaced the previous systems, or allowed for paper-based processes to be eliminated. Building on the simplified intervention logic provided in the introduction, the expected outcomes for different stakeholders are as presented in Figure 1 below. This question looks at the outcomes that relate to functionality of the solution (i.e. harmonisation of technical requirements) for the limited number of certificates covered and the indirect benefits (i.e. coordination between competent authorities and increased safety through reduced possibility for fraud). A separate question (see question 4) deals specifically with an assessment of costs and time-saving benefits.

Figure 1: Expected outcomes from EU CSW-**CERTEX**

EU LEVEL

- More efficient and less burdensome cargo border control formalities as a result of breaking down silos across the sectors, thus meeting the demands and expectations of stakeholders.
- Optimised procedures for verification of supporting documents in the EU, making use of electronic data processing techniques.
- Facilitated application and interpretation of the EU legislation in an effort to integrate business processes uniformly at a national level.
- Reduced potential for fraud through enforcement of presentation and control of an electronic supporting document in an EU database rather than only on paper.
- Reduced potential for fraud through the quantity management functionality, which records the already used slots of the quota allowed by a supporting document.
- Reputation gains – the European Commission acts as one fully integrated and centrally managed system for the Member States, which is helpful for the national authorities and could create a positive perception for trade.

NATIONAL LEVEL

- Automated verification of supporting documents directly from the data source, allowing automatic cross-checks and decreasing the need for human interaction. This can lead to gains in quality improvement and cost reduction.
- Greater effectiveness and better working practices between the competent border control authorities, positively impacting the speed of service provided to the stakeholders and facilitating the reputation gains for the national border control authorities.
- Reduced risk of human error or misconduct through the automatisation of supporting documents' checks.

ECONOMIC OPERATORS

- Elimination of the need to submit the supporting document issued by a competent authority to a national customs authority; hence, gains in time and human resources.
- Faster customs controls.
- Improved time-to-market.
- Reduced risk of human errors for the economic operator.

Source: EU CSW-*CERTEX business case*

Evidence base

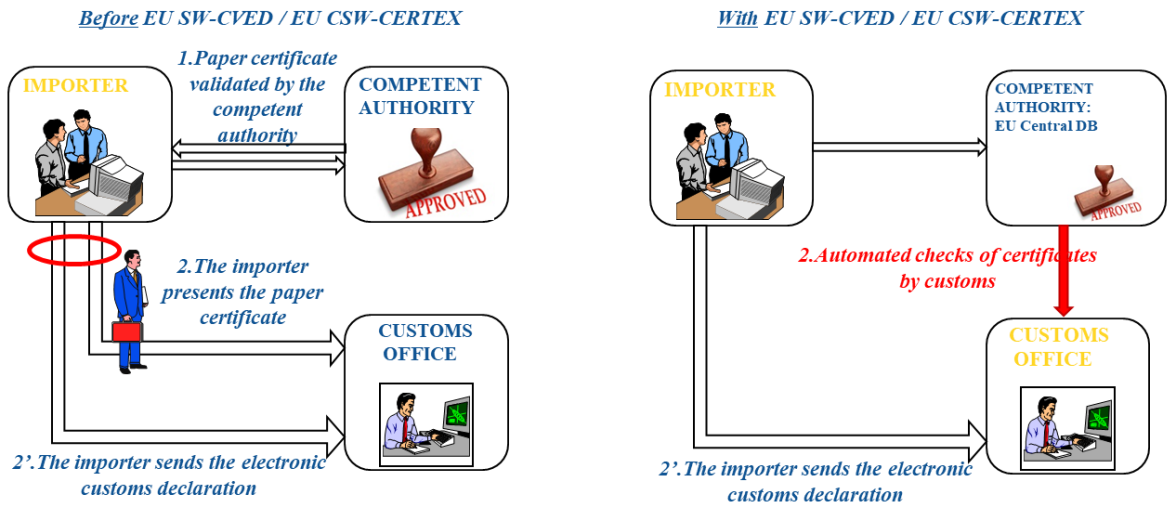
Again, the evidence to date is limited to the scope of the CVED pilot and EU CSW-CERTEX, both in terms of those Member States participating and the regulatory requirements covered. While there is qualitative evidence that the overall objective has been achieved with the pilot nature in mind, the evidence on expected outcomes is limited to showing that within the scope of the initiatives successful harmonisation and cooperation has been achieved, while there is very limited, mostly anecdotal, evidence of how the initiative has contributed to tackling fraud.

Regarding improved time to market specifically, data on processing times for different regulatory requirements before and after the introduction of the pilot was requested from the project group. While, due to security and political concerns, only limited data could be shared, this allowed for some estimates to be made.

Answer to evaluation question

With the CVED pilot, automated verification checks of the CVED and CED submitted with customs declarations are possible (as shown in the right-hand side of the figure below). To date, nine participating Member States have established a connection with their customs systems to perform automated certificates checks against an EU level database dealing with partner competent authority reporting formalities for CED and CVED-A and CVEDP.

Figure 2: The concept of the "EU Customs Single Window: Certificates Exchange"



Source: EU CSW-CERTEX business case

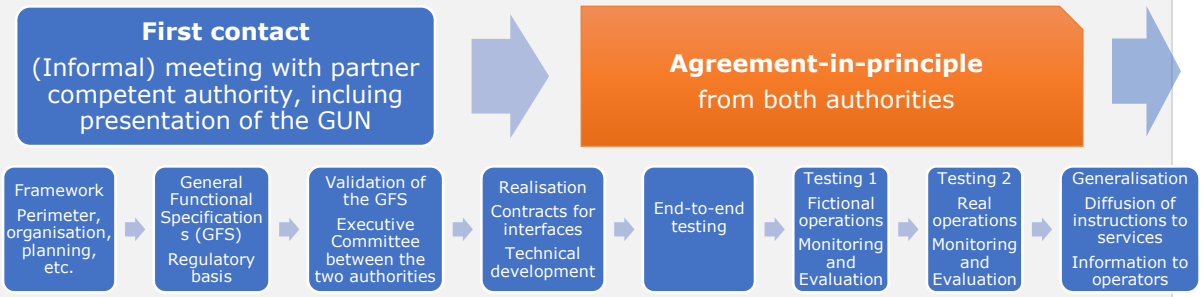
The automation of checks is possible because of efforts to develop harmonised data sets between DGs at the EU level, and between national and EU authorities (dealing with relevant reporting formalities). As such, the project has successfully delivered the outcome of EU-level harmonisation regarding the implementation of customs and non-customs regulatory requirements implemented within the current scope (i.e. between customs and EU databases covering certain non-customs regulatory requirements)[25].

[25] Looking ahead, part of the process for expanding EU CSW-CERTEX to cover new regulatory requirements will necessarily include a data harmonisation phase for the non-customs formalities covered, as stipulated in the documentation for the development of new connections. It will also include a process for the transformation of data from customs to non-customs authorities to enable the realisation of automated exchange of the required information.

Data harmonisation in a more general sense (between customs and non-customs authorities) has not been in the scope of the pilot.

Data harmonisation was possible through a process of exchange and collaboration at both EU and national levels, which was another expected outcome. For example, meetings were organised to understand the legal requirements and data needs of both sides (customs and non-customs). Although not yet a full member of EU CSW-CERTEX, France provides a concrete evidence of the process undertaken to establish harmonised data (see overview in the box below).

Box 2: Evidence of process for establishing a connection between customs and non-customs authority systems



The agreement-in-principle is a roadmap used until full implementation of the connection. It is an important political commitment signed by the Director General and sent to the partner competent authority. Given that customs do not financially support the partner competent authority's necessary adaptation, this commitment must come from a sufficiently high level.[26] Communication is important throughout, as authorities must have the same understanding and definition of the different components so that systems are interoperable. Economic operators are systematically involved once the testing phase begins.

This has reportedly led to an improved understanding between the authorities involved as an indirect benefit, in the case of France, and with the EU SW-CVED pilot and EU CSW-CERTEX. In the framework of the EU SW-CVED pilot, DG TAXUD interacted with other stakeholders involved, through its IT services. The pilot served as an interface between national customs authorities and TRACES, which is managed by DG SANTE. This required improved coordination between customs and the other authorities (in this case DG SANTE and typically sanitary / veterinary departments) involved.

Already there are indications that the EU SW-CVED pilot and EU CSW-CERTEX are leading to benefits such as reduced fraud and mistakes. Unfortunately, most of this evidence is anecdotal due to the sensitivity of the information and / or an absence of systematic recording of the improvements made leading to mainly qualitative data. Nevertheless, this finding was consistently reported; four Member States participating in the project group indicated this as a benefit. Portugal indicated that the approach reduces errors, because all the conditions attached to the enforceability of the supporting documents, and the exceptions also provided for in the legislation, are all previously established in the electronic system. Malta provided a detailed answer on the matter, making it an argument for joining EU CSW-CERTEX (see box below).

[26] The role of the sponsor is indeed essential, as (s)he "is accountable for ensuring that the work is governed effectively and delivers the objectives that meet identified needs". Novare Consulting Ltd., Association for Project Management

Box 3: Expected reduced risk of fraud and mistakes as explained by Maltese customs

From both a customs and business perspective, the EU SW-CVED is expected to reduce the risk of fraud and eliminates the potential for errors. The possibility to consult the source of supporting documents data eliminates the need to check the supporting document as provided by the economic operator, this automated check eliminates the risk of receiving a falsified supporting document (in electronic form). Further, the obligation for the economic operator to provide a reference to an *electronic supporting document in an EU database* eliminates the risk of receiving a *falsified paper document*. The transformation of data from the supporting documents into customs declaration compatible data ensures synchronised application of legislation among the EU Member States and reduction of human errors.

Source: Response to questionnaire sent to customs administrations (December 2018)

Envisaged future benefits as the project continues to improve and expand its scope were viewed positively. As previously mentioned, there are still some limitations in terms of the outcomes of the initiatives, which relate to its pilot status and reduced scope. In particular, while quantity management is now possible at national level, EU-wide quantity management, which is needed to combat fraud and increase efficiency, is not.

Conclusion

The EU SW-CVED pilot and EU CSW-CERTEX have delivered on their objective to allow for automated checks of supporting documents by customs authorities. While caveats apply in line with the scope of the project to date, the EU SW-CVED pilot and its successor, EU CSW-CERTEX, have already led to harmonisation and exchange of data related to the regulatory requirements covered. Indeed, the automation of the process for verifying documents was possible due to harmonisation of relevant data. In turn, this has meant improved cooperation between competent authorities. There is also some limited evidence of reduced fraud and human error, particularly through the reduced human intervention, and through the possibility for national quantity management.

While certain needs remain unmet, expected outcomes are likewise not achievable within the current scope providing evidence of the remaining issues facing stakeholders. The most obvious example of this is the feasibility of EU level quantity management (necessary for fully effective enforcement of quotas, for example), which is not possible unless all Member States are involved and the technology supports real-time information sharing.

3.4. Efficiency

4. *To what extent have the benefits of the EU SW-CVED pilot and* EU CSW-*CERTEX so far (in terms of costs, time and effort savings), outweighed the costs of?*

Coverage of question

This evaluation question assesses the extent to which the resources used for the implementation of the EU SW CVED pilot and EU CSW-CERTEX are proportionate to the benefits generated. It addresses administrative and regulatory burden and looks at aspects of simplification overall. To answer the question, costs and benefits for Member State authorities were compared to the extent possible. Given the pilot nature of the EU SW CVED pilot and EU CSW-CERTEX, it is important to stress that their efficiency cannot be judged in a complete sense. The initiatives have not (yet) fully replaced the previous processes for verification of documents, and this means some of the expected benefits to different stakeholders cannot be fully realised yet. Nevertheless, it is important to show how benefits compare to costs already at this stage, with the various caveats made clear. This provides a starting point to see the direction of travel for how costs

and benefits may compare as further efforts to expand the scope of EU CSW-CERTEX over the longer term take shape. At the same time, establishing the costs already incurred provides information regarding the sunk costs which cannot be recuperated if the initiative is not expanded.

Evidence base

The evidence to date is limited to those countries that have been involved in the EU SW CVED pilot and EU CSW-CERTEX. Most detailed evidence of costs and benefits come from field visits to participating countries (namely the Czech Republic and Ireland). We also rely on feedback shared in the form of a survey, to which only some participating Member States replied[27]. Obtaining robust quantitative data to use in the evaluation of costs and benefits was challenging, particularly since Member States joined with different baselines and at different points in time. Member States also have different administrative set-ups and took different approaches to developing connections with the EU databases (some using in-house providers and some using contractors), which also makes comparisons difficult. Given the importance of presenting quantitative data to provide a comparison of costs with time and effort saving, we have used a limited sample of Member States with the most complete data to present estimates of the order of magnitude of costs and benefits[28]. To put these estimations into context, they are complemented with qualitative findings, including from other Member States which either have or have not yet begun the pilot.

Approach to estimation of costs and benefits:

Estimation of costs: As mentioned above, costs cannot be considered comparable for Member States, given their different approaches and starting points. Costs can include one-off implementation costs and recurring maintenance costs, which are borne by the Commission and Member States. Rather than attempt to estimate costs for the different Member States, we have based costs on reported data from Member State authorities. While there could in theory be costs for economic operators to align with new systems, interviews with operators suggested these would be negligible. Costs for the European Commission were provided by the DG TAXUD.

Estimation of benefits: we use the same standard cost model approach taken for the impact assessment (see section 7.2) which essentially multiplies the number of declarations affected, a reasoned estimate for the time saved per declaration and a standard hourly labour cost.

Answer to evaluation question

The evidence available suggests that already the EU SW-CVED pilot and EU CSW-CERTEX have led to some, albeit limited, cost savings, through reductions in the time and effort needed for various stakeholders to deal with clearance processes. This finding was consistent across Member States and stakeholders consulted during the fieldwork as well as in the feedback in the survey to project group members. The automation of the process for verifying documents implies less human intervention, so fewer resources and more efficient processes.

Despite the consistent reporting of meaningful benefits, the caveat that applied to the relevance of the CVED pilot and EU CSW-CERTEX also limit the full realisation of cost savings for all stakeholders. Namely, the functionalities, scope and voluntary nature of the project mean that concurrent submission of paper documents continues, and thus

[27] Bulgaria, Cyprus, Czech Republic, Estonia, Ireland, Latvia, Poland and Portugal
[28] Usable data was only available for Czech Republic, Estonia, Ireland and Latvia.

authorities and economic operators are unable to shed the associated costs of having to deal with an automated and manual system concurrently. Indeed, the problem of the continued need for paper documents featured prominently in the responses to the open public consultation[29] and economic operators from participating countries were as likely as others to complain about the continued need for paper documents, showing that EU CSW-CERTEX has not significantly changed that aspect. For the full savings to be realised, a fully paperless environment would be needed, and more regulatory requirements would need to be covered. As stated by Irish Customs: "*Further benefits will not materialise until EU CSW-CERTEX is mandatory for all Member States and expanded to other certificates. For example, the onus on customs to manually check AGRIM licences on a declaration that also requires a CVED can often negate the benefit of EU SW-CVED".*

With these caveats in mind, we have assumed the benefits are positive but modest. More specifically, it seems reasonable to assume that customs authorities and economic operators save about two minutes for each relevant customs declaration. For partner competent authorities, the benefits consist mainly of improved enforcement, but there have also been minor savings estimated at about one minute per declaration. The table below summarises simplified estimations for the benefits accrued from time savings for the different stakeholder groups for the three reporting obligations covered in the EU SW CVED pilot for four Member States: the Czech Republic, Ireland, Estonia, and Latvia.

Table 3: Estimated benefits for sample of Member States

	Relevant no of declarations / year (avg 2015-17)	Estimated savings expressed in EUR			
		Customs authorities	Partner competent authorities	Economic operators	Total annual benefit
Time saved per declaration		2 minutes	1 minute	2 minutes	
Czech Republic (hourly labour cost EUR 7.99)					
CVED A	1 655	441	220	441	**1 102**
CVED P	3 374	899	449	899	**2 247**
CED	1 059	282	141	282	**705**
TOTAL	**6 088**	**1 622**	**811**	**1 622**	**4 054**
Estonia[30] (hourly labour cost EUR 10.36)					
CVED A	27	9	5	9	**23**
CVED P	1 034	357	179	357	**893**
CED	182	63	31	63	**157**
TOTAL	**1 243**	**429**	**215**	**429**	**1 073**
Ireland (hourly labour cost EUR 36.93)					
CVED A	348	428	214	428	**1 070**
CVED P	8 272	10 183	5 091	10 183	**25 457**
CED	908	11 17	559	1 117	**2 793**
TOTAL	**9 527**	**11 728**	**5 864**	**11 728**	**29 320**
Latvia (hourly labour cost EUR 8.2)					
CVED A	66	18	9	18	**45**
CVED P	546	149	75	149	**373**
CED	12 271	3 354	1 677	3 354	**8 385**
TOTAL	**12 882**	**3 521**	**1 761**	**3 521**	**8 803**

[29] 78% of respondents reported this problem negatively affected them to some or a large extent.
[30] Declaration data only available for 2017

Source: Declarations data from the Member States participating in the project group, hourly costs based on Eurostat and OECD data and time estimates based on stakeholder interviews.

As shown, the benefits differ depending on the volumes of declarations concerned and are in line with the varying hourly labour costs found in the selected Member States. The highest benefits are accrued in Ireland, where the volume of relevant declarations and labour costs are highest; the total annual benefit from the EU SW-CVED pilot is estimated to be nearly EUR 30 000. The next highest benefits are found in Latvia, where nearly EUR 9 000 is estimated to be saved. In the Czech Republic the annual saving is estimated to be just over EUR 4 000 and in Latvia just over EUR 1 000. In every Member State except Latvia, the relatively higher volume of declarations requiring CVED-P meant this was where the major benefits were accrued in terms of time and effort saved. For Latvia, the major benefits were realised for CED.

Two Member States - which did not supply sufficiently robust data on declarations to produce estimates - suggested the benefits they had realised were significant for their authorities:

- Portugal referred to "speedier" processes and provided an estimate of the actual time estimated to be saved through EU CSW-CERTEX: *"Regarding the implementation of the SW-CVED pilot in Portugal, the time needed to accept and validate the declaration with certificates that are hosted in TRACES decreased three hours, concerning declarations that needed the same certificate (C678)."* The expected savings to be made would be "*extraordinary*" as the average time for clearance decreases substantially. While this is clearly a significant benefit, it cannot be simply monetised because of the absence of robust data on how this time saved affects different actors. Some of the time saved may simply be from the electronic exchange of data replacing a more time-consuming transfer of paper documents from place to place, meaning it is not as simple as to say three hours of labour time is saved.
- Similarly, Malta, which is still only at planning stage, and aims to join EU CSW-CERTEX in the coming years, provided quantitative evidence of time and effort savings, citing the redeployment of resources leading to "*a minimum reduction of 30% in releasing times"* meaning "*Customs will be able to utilise resources currently tasked with scrutinising…manual certifications…in other areas."* Again, while clearly a significant benefit, it is not simple to monetise.

This evidence suggests that, while it is appropriate to make conservative quantitative estimates, the view of different Member States is that these have or will have significant knock-on effects to the full time taken to clear goods at the border (beyond the labour time saved).

The question asks us to compare benefits with costs incurred. Turning our attention to costs; while quantitative evidence of the implementation costs has been difficult to gather for participating Member States, the scale of implementation costs is summarised below as reported directed by three of the four Member States which were focused on above. Evidently, these vary significantly by Member State which reflects their different approaches and starting points.

Table 4: Estimated costs for selected Member States

	One-off costs	Inclusion of new requirements	Periodic systematic upgrades
Czech Republic	EUR 63 000	EUR 50 000	EUR 16 500
Estonia	EUR 145 000	Not provided	
Ireland	Three specialised IT staff working full time over two months	0.5 FTE for one year for specialised IT staff	None identified

Latvia	*No quantitative estimates shared*

Source: Estimations provided by Member States

Added to these Member State costs are costs to the Commission for the SW-CVED pilot, encompassing the design, functional specifications, technical specifications, development, deployment, operations and maintenance costs of the pilot. Data available for past seven years show these costs add up to 3.25 million EUR.

Table 5: Estimated costs for European Commission (EUR)

	2012	2013	2014	2015	2016	2017	2018
European Commission	300 000	700 000	600 000	500 000	400 000	400 000	350 000

Source: Estimations provided by DG TAXUD

The costs, which have been steadily declining since their peak in 2013, are much higher than the costs to individual Member States and – as such - show the importance of developing a centralised solution. More specifically, the pilot approach which implies small fixed costs to Member States to "plug into" a centralised solution is evidently preferable to an alternative scenario whereby the cost to Commission would be replicated in all Member States; meaning the overall cost would be much higher.

Notwithstanding this argument, taken at face value the costs may seem relatively high compared to the (conservative) estimated benefits to Member States, but it is worth recalling a number of factors before concluding on how they compare. Firstly, the benefits are annual (and thus cumulatively add up to higher values over time), whereas costs to Member States are one-off (and are now sunk costs, i.e. cannot be recuperated) and the Commission costs are also largely sunk costs, which became less important after the initial start-up phase of the pilot.

The wider context is even more important. The benefits to Member States are discounted to account for the fact that previous systems and processes are still in place (meaning the full savings have not been realised). Meanwhile, the costs and benefits also relate to a pilot initiative which aims to test an idea, which has the long-term potential to be expanded to cover more regulatory requirements. The expansion of the pilot (to more Member States and regulatory requirements) means that, as long as this continues as anticipated, the marginal cost over time should diminish, while the benefits will continue to grow. Indeed, although the figures suggest the benefits have not in all cases yet outweighed the costs (for example in the Czech Republic), taking into account the complementary qualitative evidence gathered, these costs were not judged to be huge in comparison to the potential benefits over time if the initiative expands as expected and once parallel systems are replaced. Indeed, this was the case in Ireland, and the Czech Republic, where the costs reported above (**Table 4**) were deemed not to be huge given the potential time savings should the initiative be expanded to cover more requirements (these would depend on the volumes concerned, as presented in **Table 3**).

Other participating Member States, such as Latvia and Cyprus, and France (which plans to join) and Cyprus (which joined in 2016) reported to be expecting net positive calculations when taking a long-term perspective.

- For instance, Latvia explained that considering that "*CVED/CED will have to be totally rebuilt in 2019-2020, for our administration costs of national integration with EU CVED/CED are higher than benefits. Nevertheless, we believe that development of EU CSW-CERTEX and its further expanding with other certificates will have positive impact on clearance process (long term).*"

- In Cyprus, the view was that the benefits are worth the costs incurred because they expect to have additional benefits in the future with further inclusion of new supporting documents and a more complete national Single Window system.
- In France, which is working on establishing a connection with the EU database TRACES as part of EU CSW-CERTEX, the qualitative evidence gathered through the field visit was that the one-off costs of gradually expanding the scope of EU CSW-CERTEX would not be significant (compared to the benefits over time).

The same can be said for the Commission costs, which while appearing high, mostly relate to one-off costs invested in developing a new system from scratch and should diminish over time; indeed, this is already clear from the yearly costs from 2016 onwards. Similarly, the unit costs per Member State administration and per certificate will continue to decrease as scope and number of MSA increase.

A last point, made by several participating Member States and evidenced in **Table 3** above which is relevant to consider when projecting the cost-benefit calculus into long-term plans, was that depending on the volume of supporting documents issued or processed in a given Member State, it may or not be cost-efficient to invest in EU CSW-CERTEX. For example, where volumes are really small, like for FLEGT in Ireland, the investment cost is expected to outweigh the benefit in this instance. Precisely this calculus has led Ireland not to cover FLEGT in their Single Window environment.

Conclusion

The EU SW-CVED pilot and EU CSW-CERTEX have led to some benefits, mainly in the form of time and effort savings. This demonstrates the viability of the concept and potential to general larger benefits over time as the scope in terms of regulatory requirements and participation in terms of Member States continue to expand. The continued use of parallel systems and processes hampered the potential savings to a certain extent, but the costs were viewed as appropriate by stakeholders given the expected long-term prospects of expansion and associated increased benefits. The model is based on the Commission bearing the majority of development costs. Building in the assumption about future expansion is important because many of the costs incurred are now sunk costs and longer-term efficiency will depend on the assumption of expansion holding true.

3.5. Coherence

5. *How well do the EU SW-CVED pilot and EU CSW-CERTEX fit with other EU initiatives?*

Coverage of question

This question addresses the extent to which the CVED pilot and EU CSW-CERTEX work with other relevant EU initiatives. It specifically covers the extent to which there are synergies to potentially improve overall performance.

Evidence base

This question draws on existing documentary sources, and on stakeholder consultation.

Answer to evaluation question

EU CSW-CERTEX and its predecessor are well aligned with EU political priorities. In December 2014, the Council adopted the Venice Declaration, which established a commitment to develop an action plan for an EU Single Window environment for customs and corresponding legal framework. This was reiterated in the 2016

Communication entitled "Developing the EU Customs Union and Governance"[31], which outlined the Commission's plan to explore a workable solution for the development and creation of an EU Single Window environment for customs. This was supported by the European Council in its conclusions of March 2017.

Both the CVED pilot and its successor, EU CSW-CERTEX, contribute to the operationalisation of this vision. The Commission initiatives have seen collaboration between DG TAXUD and several other Directorates-General (DG SANTE, DG ENV, DG AGRI and DG DIGIT[32]). The expansion of EU CSW-CERTEX to new regulatory requirements (falling under the responsibility of DG CLIMA, DG TRADE, DG GROW and DG MARE) demonstrates its ability to support other EU initiatives and policies and thereby contribute to a smoother implementation of EU legislation.

Other related EU initiatives coexist with EU CSW-CERTEX and show how EU CSW-CERTEX is in line with wider efforts to simplify and digitise processes relating to reporting formalities for the movement of goods to reduce the burden stakeholders, as well as to streamline and improve the implementation of union legislation:

- A **maritime national Single Window** was initiated by DG MOVE and originally entered into force on 1 June 2015.[33] It was based on the Commission's 2010 Reporting Formalities Directive (RFD) (since replaced by Regulation (EU) 2019/1239 on establishing a Maritime Single Window) and requires Member States to accept the fulfilment of reporting formalities by ships in electronic format and their collection through a single window[34]. Feedback from the trade community revealed that the exclusion of clearance functions from the maritime national Single Window initiative was considered a drawback. This shows that even though the objectives of EU CSW-CERTEX are aligned with this initiative but there is scope for greater collaboration between DG MOVE and DG TAXUD.
- The **eManifest Pilot Project** (which the new maritime Single Window regulatory proposal considers) explores how cargo information required by both maritime and customs authorities could be submitted together with other reporting formalities required by the RFD in a harmonised manner. It will serve as a basis for developing a proper legal framework fully responsive to the needs of the industry. The project may be extended to cover customs formalities related to arrival and departure notifications, mapped in a unique set of data elements as per the reporting only once approach. This pilot was mentioned during several interviews with trade associations members as a positive initiative. There is potential for synergies with EU CSW-CERTEX which both DG TAXUD and DG MOVE are conscious of.
- **Market surveillance** – The Commission tabled a legislative proposal to strengthen controls by national authorities and customs officers to prevent unsafe products from being sold to European consumers in December 2017. The new market surveillance includes government-to-government exchange of information for the purposes of surveillance and risk analysis and is therefore

[31] COM (2016) 813 final
[32] As stipulated in the EU CSW-CERTEX Business case – "DG DIGIT is involved in horizontal support activities of the "EU Customs SW: Certificates Exchange project"."
[33] See more information here: https://ec.europa.eu/transport/modes/maritime/digital-services/e-maritime_en
[34] The exchange of information between MS should be organised using existing systems, such as e-Customs for example. Port Community Systems (PCS) can be included if they comply with the relevant RFD requirements. Member States currently collect and distribute information through the MNSWs and/or the PCSs. Either MNSW perform both functions of interface and gateway, or the PCSs act as interfaces while sharing the gateway function with the MNSW.

closely linked with the objectives of EU CSW-CERTEX.[35] The agreed final text references the EU Single window environment for customs[36].

An important limitation of the coherence of the CVED pilot and EU CSW-CERTEX initiatives is the continued requirement for paper documents. The broader digitisation agenda pursued by the Commission and particularly DG TAXUD means a reduction in the use of paper. As per the 2008 e-Customs Decision, a commitment was made to a paperless environment[37] and the Union Customs Code (UCC)[38] which stipulates modern tools and technology should be encouraged to further promote the uniform application of customs legislation and modernised approaches to customs control.

More generally, the European Commission, through the Digital Agenda for Europe,[39] aims to have a digital single market based on interoperable applications. The Commission therefore encourages all organisations, businesses and government bodies to commit to carrying out actions to reduce the digital skills gap in Europe.[40] The fact that paper continues to be used alongside EU CSW-CERTEX limits coherence but this is not intrinsic to the project. It is related to the pilot nature of the project, where previous systems are still in use. Should the project proceed as planned, paper will not continue to be used. Other developments at the EU level show potential to support an expansion of the functionalities offered within EU CSW-CERTEX, and contribute to improved coherence:

- The **eIDAS Regulation**[41] established a new legal structure for electronic identification, signatures, seals and documents throughout the EU. Its most important aspect is the uniform application of government-recognised electronic identification systems. The electronic documents it supports ensure validity and legal certainty of cross-border electronic transactions. It hence strengthens the legal framework for the use of electronic documents, which is an underlying feature of a potential Single Window solution. As EU CSW-CERTEX incorporates documents in PDF format, it will be important that the eIDAS Regulation is complied with to maintain coherence.

Two other EU level initiatives are outside of the current scope of EU CSW-CERTEX but show where there is under exploited potential to ensure coherence looking ahead.

- The **"Once-Only" Principle** project aims at promoting cross-border cooperation among authorities with a commitment to provide control and transparency opportunities for business operations. It stipulates that collecting the same data

[35] COM (2017) 795: Proposal for a Regulation of the European Parliament and of the Council laying down rules and procedures for compliance with and enforcement of Union harmonisation legislation on products (specifically Article 34.4) https://eur-lex.europa.eu/legal-content/EN/HIS/?uri=COM:2017:795:FIN.

[36] Regulation (EU) 2019/1020 of the European Parliament and of the Council on market surveillance and compliance of products (see https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2019.169.01.0001.01.ENG&toc=OJ:L:2019:169:TOC).

[37] Decision No 70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade

[38] Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code, OJ L 343, 29.12.2015, p. 1–557

[39] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Digital Agenda for Europe, 2010.

[40] https://ec.europa.eu/digital-single-market/en/pledges-action.

[41] Regulation (EU) 910/2014 on electronic identification and trust services for electronic transactions in the internal market, became effective on 1 July 2016, repealing the existing directive on e-signatures and prevailing over any inconsistent national laws. Full text at: https://ec.europa.eu/futurium/en/system/files/ged/eidas_regulation.pdf.

multiple times is more expensive than sharing and reusing them. This principle constitutes a priority for several stakeholders consulted but is currently not applied within EU CSW-CERTEX.

- The **Single Digital Gateway Regulation** was adopted in September 2018 and provides for a Single Entry Point for economic operators to be integrated in the "Your Europe" portal, creating a one-stop shop for the EU's most common administration procedures and making it easier for citizens and economic operators to interact with public administrations.[42] EU CSW-CERTEX does not include a SEP so far, and as such is not coherent with the Single Digital Gateway Regulation.

Conclusion

The EU SW-CVED pilot and EU CSW-CERTEX have to date been coherent with the European Commission's and DG TAXUD's political commitment to the creation of an EU Single Window environment for customs, and the Commission's broader agenda to increase digitisation and simplify processes for border management.

Both initiatives have been conceived and developed collaboratively between DG TAXUD and other Directorates General (DGs). As the number of DGs that DG TAXUD is collaborating with continues to grow, so does the coherence of the project and its ability to contribute to a smoother implementation of EU legislation.

It would, however, be important to consider how the project can support the Commission policy to develop a paperless environment for customs and trade, as the absence of a systemic reduction of paper through the project has been shown to be a limitation of the internal coherence of the project and an unmet need.

While the scope of EU CSW-CERTEX is limited to government-to-government collaboration, its coherence with EU priorities to reduce duplication of information and procedural redundancies and to allow a single entry point for government services is limited. This provides further evidence of unmet needs.

3.6. EU Added Value

6. *To what extent has the EU SW-CVED pilot project complemented the activities of the Member States?*

Coverage of question

The question considers the extent to which the EU SW CVED pilot and EU CSW-CERTEX have EU added value. EU added value refers to changes that are due to the initiative, added benefits of the presence of the initiative at EU level, compared to what could be achieved by Member States alone.

Evidence base

The evaluation of EU added value brings together the findings of the other criteria, based on the evidence available regarding the performance of both initiatives to date.

[42] More information is available at the following url: http://www.europarl.europa.eu/legislative-train/theme-deeper-and-fairer-internal-market-with-a-strengthened-industrial-base-services-including-transport/file-single-digital-gateway

Answer to evaluation question

The EU SW CVED pilot and EU CSW-CERTEX have EU added value. Given the EU has the competence and is best placed to deliver harmonisation and provide solutions for EU level regulations. Indeed, competent authorities consulted during field visits argued that the EU is best placed to provide a solution for exchange of documents based on EU legislation.

There is a legal basis for the EU to act to provide for customs cooperation between Member States and between the latter and the Commission in line with the objective the establishment and functioning of the internal market[43]. In addition to the legal basis for action, the EU is in a unique position to coordinate action and stem fragmentation of Member State action. Individual Member States are not in a position to ensure the harmonisation of data requirements for supporting documents based on EU regulation.

By providing a single solution, the EU SW-CVED pilot and EU CSW-CERTEX were expected to reduce the need for participating Member States to develop their own solutions and thereby generate economies of scale. This was indeed found to be the case in most Member States participating in the project. The cost estimates provided by Member States show that the European Commission has borne the more significant costs. During fieldwork visits in Ireland and the Czech Republic for example, stakeholders explained that EU solutions were preferred since smaller volumes of trade, and the lack of existing national systems, meant the one-off costs of technical solutions were hard to justify.

However, some Member States, which already had their own systems in place, have still opted to join due to the potential benefits from having an EU system where there is the possibility to share information between countries, such as better risk management and controls and reduced risks of fraud, though this is limited by the small number of Member States taking part so far.

Respondents to the open public consultation showed that the majority believed that without European Commission action the issues experienced, such as uncertainty regarding data sharing and data protection, time for goods clearance, etc., would remain unchanged. Few believed the situation would improve a lot. This confirms the perception of EU added value – where the EU acts as a change driver, facilitator and initiator of improvements.

Conclusion

The EU added value of the EU SW-CVED pilot and EU CSW-CERTEX is judged to be high and was perceived to be strong by the different parties consulted. The creation of a single European solution for EU regulatory requirements was valuable, particularly where the one-off costs of solutions would be harder to justify for smaller Member States. The available cost data also show why a centralised EU solution makes more economic sense. Respondents to the open public consultation confirmed that European Commission action is perceived to be an important means to improve the current situation, and without which the problems experienced would not be resolved.

[43] Treaty on European Union and the Treaty on the Functioning of the European Union, Official Journal C 326, 26/10/2012 P. 0001 – 0390. (specifically articles 33 and 114).

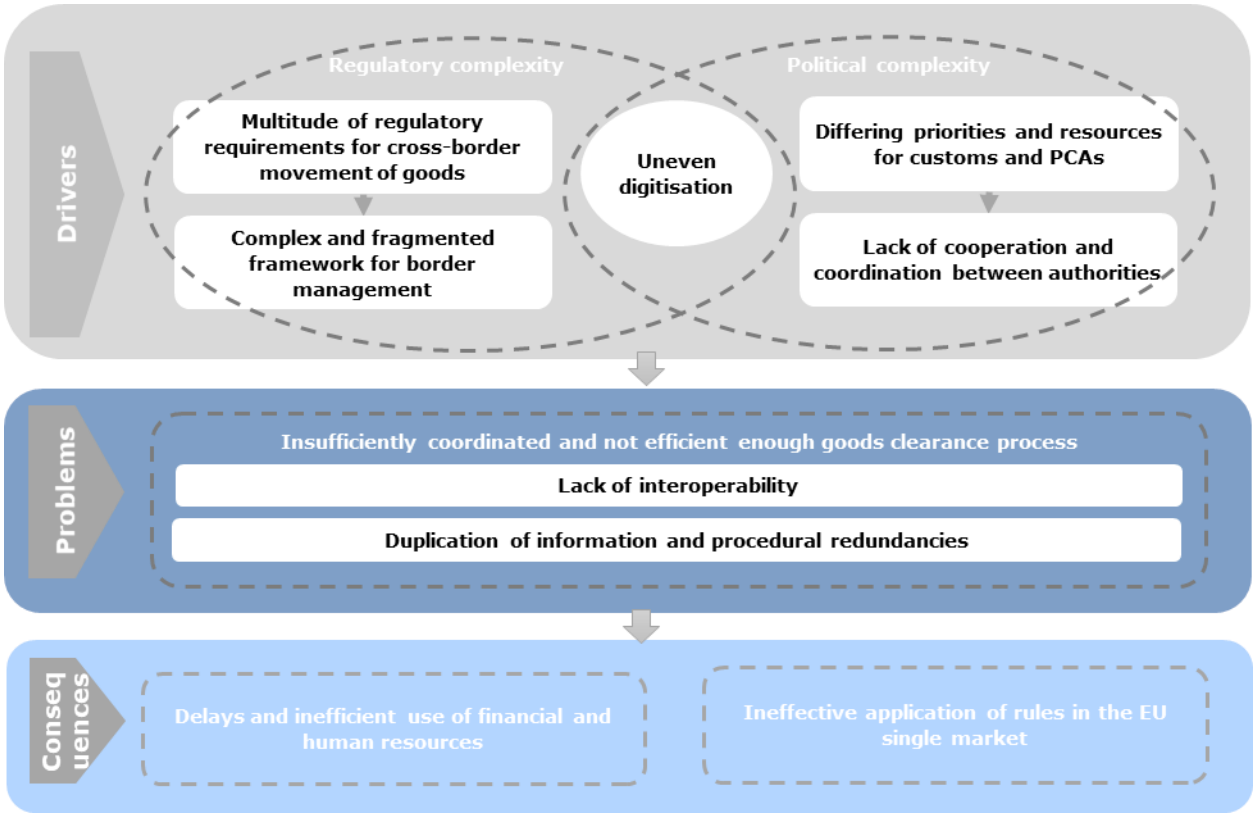
4. WHAT IS THE PROBLEM AND WHY IS IT A PROBLEM?

This section describes the existing problem, its drivers and consequences. This is summarised in a problem tree diagram below. This section also presents the stakeholders affected and briefly discusses how the baseline might evolve in the absence of further action.

4.1. Overview

The figure below depicts an overview of the problem described in the following sections, in terms of underlying drivers, concrete problems they lead to and consequences for stakeholders.

Figure 3: Problem tree

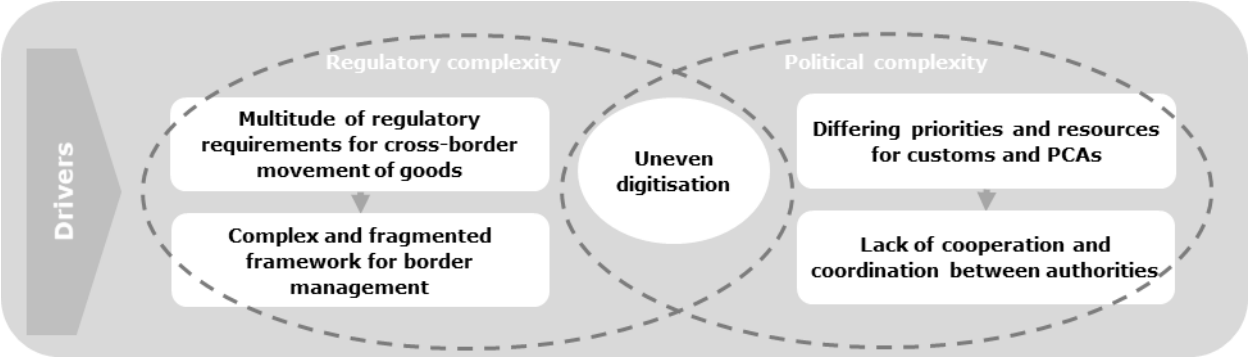


Source: Study team

4.2. Drivers of the problem

The problem is the result of several factors, referred to as "drivers". Understanding them helps set the scene for description of the problem and subsequent impact assessment for different plausible avenues for action.

In sum, the drivers can be conceptualised as having two dimensions: a regulatory and a political dimension, which in turn contribute to the complex and diverse situation found within and between Member States.



4.2.1. Regulatory complexity

1. Multitude of regulatory requirements for cross-border movement of goods

The starting point for explaining the problem drivers is the regulatory dimension, namely the sheer volume of reporting obligations for cross-border movement of goods.

Both customs and non-customs, as well as national, EU and international legislation, are applicable to the cross-border movement of goods. National customs authorities and partner competent authorities enforce over 60 pieces of community law at the EU's external borders. These measures impose different obligations for the import, export and transit of certain goods, particularly those related to food with environmental or safety risks.

To meet these regulatory requirements, various reporting obligations are placed on economic operators meaning that, for certain goods, customs declarations are accompanied by supporting documents as evidence of compliance. **In 2016, out of nearly 300 million customs declarations a year, Member States estimated that up to 13% required such supporting documents**[44].

Looking in more detail at EU regulatory requirements and associated supporting documents shows the extent to which these vary by Member State in line with their different trading profiles, both in terms of type and volumes of goods traded. Estimations from Member State administrations suggest the scale of variation to be significant.

While data were only available for certain supporting documents, these data illustrate that these are required in large numbers, particularly in some countries. This translates into different levels of incentives to simplify or invest in solutions to streamline processes to deal with them. The table below summarises the overall volumes where data were available and (where possible) how this has changed in the past few years.

[44] 2016 declarations data from DG TAXUD and feedback from Member State administrations.

Table 6: Analysis of selection of EU supporting documents

EU supporting document	Overall volumes and, where available, trends in last few years based on partner DG estimates
Common Entry Document (CED)	The number of CED increased by over 20%, from around 180 000 in 2015 and 2016 to **over 220 000 in 2017**[45]. Spain alone was the destination of over 40% of all CEDs and experienced a nearly 50% increase between 2015 and 2017.
Common Veterinary Entry Document: Animal Products (CVED-P)	The number of CVED-P issued increased by 10% between 2015 and 2017, from about 340 000 to **nearly 380 000 per year**[46]. There is a high degree of concentration in terms of destination countries, which remained stable over the three years under consideration. Cumulatively, the three top countries are the destination of more than half of all CVED-P in all three years (Germany, Spain and Italy), and the share increases to around 80% with the Netherlands and France.
Common Veterinary Entry Document: Live Animals (CVED-A)	An **average 47 000 CVED-A were issued per year**, with a 4% increase between 2015 and 2017. Cumulatively, the top three Member States include over half of all CVED-A (UK, Germany, and France). Once Italy, the Netherlands, and Spain are added, the share increases to 75%. While the overall share did not change significantly over the three years, some of the "smallest" destination countries did experience changes, with Finland tripling the number of CVED-A between 2015 and 2017, while Latvia halved it for example.[47]
Import Catch Certificates (CC)	The 28 Member States registered nearly 580 000 import Catch Certificates (CCs) in 2014-2015[48], or **about 290 000 per year** (no trend data were available). Spain alone accounted for nearly one fifth of all import CCs. Cumulatively, the three top countries represented nearly 50% of all import CCs over the period considered (Spain, Germany and France).
Ozone-Depleting Substances licenses (ODS)	2 433 ODS licences had been issued to companies as of 2018. Since 660 annual licences could be used for multiple shipments, however, the number of shipments per year was estimated to be **around 16 000**. 809 companies were registered.
Reporting on F gas activity[49]	1 699 companies had reported on their fluorinated greenhouse gases or F-gas activity (production, import, export and destruction of F-gases) during 2017 (33% more than in the previous year). Companies are distributed across all EU Member States, the largest numbers are located in Poland, Italy, Germany, France, the United Kingdom and Spain[50].

2. Complex and fragmented framework for border management

Corresponding to the sheer volume of regulatory requirements for cross-border movement of goods is the complex and fragmented framework to manage these requirements at EU and national level. This differs to a certain extent by regulatory requirement and Member State, and sometimes even within Member States.

[45] It should be noted that these figures underestimate the true total to a certain extent, since not all Member States have used the EU system TRACES to process and store CEDs.
[46] (Bulgaria and the UK not included)
[47] (Croatia, Estonia and Sweden not included)
[48] for some countries, data refer to 2012-2013
[49] Data reported by companies on the production, import, export and destruction of fluorinated greenhouse gases (F-gases) in the European Union is published by the European Environment Agency. The latest report evaluates and presents the data reported by companies in 2018 about their activities involving F-gases in 2017. Available here.
[50] Large increases can be observed for unsaturated hydrofluorocarbons (HFCs)and hydrochlorofluorocarbons with very low global warming potentials (GWPs), replacing HFCs with significantly higher GWPs. In contrast, hydrofluorocarbons supply decreased by 4 % in mass or 7 % in carbon dioxide equivalent. Looking at the gases with the highest GWPs, phur hexafluoride, nitrogen trifluoride and perfluorocarbons, all of which do not fall under the quota system, their supply increased by 20-40 %, partly outweighing the decrease in HFC supply.

Despite the existence of the Customs Union, administrative arrangements and national rules are not identical across Member States. Prohibitions and restrictions are the subject of legislation in specific non-customs policy areas (e.g. health or the environment), often where the EU does not have exclusive competence. In these other policy areas, there is typically shared EU and national competence and a degree of harmonisation of EU legislation. Leading from this, multiple partner competent authorities in each Member State are involved in the management of prohibitions and restrictions for goods crossing borders, with the division of competences varying from one country to another.

Box 4: Evidence of different administrative arrangements for managing prohibitions and restrictions at national level

In Ireland, for example, there are 17 different bodies, and different units within some of them, in addition to customs which are charged with controlling the import and export of various goods. In France, about 15 competent authorities are responsible for controlling the import and export of various goods, whereas in the Czech Republic the customs authority collaborates with only five partner competent authorities for the verification of customs declarations. In the Netherlands, customs collaborated with eight ministries and about 20 different authorities within them. In Germany the situation is further complicated by the federal system, which means that the competent authorities dealing with a wide range of requirements (e.g. veterinary, phytosanitary and environmental) differ from one part of the country to another. Adding to this, it is also possible to find various constellations of administrative arrangements for border management. In some Member States, border management is separate from customs, like in the UK, while in others, the functions are combined, like in Spain for example.

The legal framework is further complicated by the fact that the Union Customs Code or UCC (the key legal text governing customs operations in the EU)[51] while providing a common legal basis, implementation is largely decentralised allowing Member States some discretion for its practical implementation to account for specific national systems and policies. In recognition of the actual and potential complexity of the UCC, since the UCC's entry into force, the Commission has organised regular meetings with Member States and trade representatives, including to assist in interpretation of the legislation.[52] Implementation is also still taking place and is only about 50% complete at the time of writing. This means that some national disparities to reduce over time.

Nevertheless, several respondents to the public consultation[53] considered the differences in the interpretation of UCC among customs authorities as an important enough issue to highlight it in three open-text responses. For example, one respondent indicated that "practical interpretation of the UCC has considerably worsened the differences between Member States". Further, a total of 76% of economic operators responding to the public consultation cited "different requirements for Member States" as negatively impacting the movement of goods.

The variation in practical arrangements for issuing or verifying supporting documents creates a complex framework for economic operators to navigate. This was evident in the

[51] Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code, OJ L 343, 29.12.2015, p. 1–557

[52] Report from the Commission to the European Parliament and the Council on the implementation of the Union Customs Code and on the exercise of the power to adopt delegated acts pursuant to Article 284 thereunder, 2018. https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/22012018_report_implementation_ucc_en.pdf

[53] The public consultation was launched on EU Survey and ran for a period of over 14 weeks (ending January 17, 2019).

results of the 2014 Flash Eurobarometer[54], which showed that a third of companies outsourcing customs procedures did this because they perceived customs procedures as too complex.

4.2.2. Political complexity

1. Differing roles and responsibilities for border management

Trade facilitation, and safety and security, concern all competent authorities dealing with border management. However, the partner competent authorities in charge of enforcing non-customs requirements are typically focused on ensuring compliance with their specific policy areas and would not have oversight of the broader set of administrative burdens related to goods clearance that economic operators face from other authorities. This is due to the specialist nature of the policy areas concerned and the focus for partner competent authorities on the consequences that can result from a less than full application of the rules. For example, contaminated fruit or the import of goods containing dangerous chemicals can cause epidemics or other threats to safety and security. Indeed, the risks can be so severe that in extreme cases, certain goods from high risk countries could even be banned to avoid the potential impacts to human or plant health. In these cases, evidently safety is of paramount importance and it is appropriate that this is the focus for the authorities involved.

Box 5: Evidence of products banned due to risks to human and plant health

At the end of 2013, the European Commission announced a ban on most imports of citrus fruit from South Africa because of concerns about the possible transmission of Citrus Black Spot to the EU. This ban was justified by a study by the European Food Safety Authority (EFSA) on the risk of transmission and is an example of a case where the risk posed to native plants justified a restriction in trade from a high-risk country.[55]

Similar bans can be introduced or upheld based on the risks of certain goods to human health. An example of this precautionary principal being applied is the ban of two chemicals (DINP and DIDP) was upheld following an assessment by the European Chemical Agency (ECHA) of the risks posed to children in a report published in 2013.[56]

Customs authorities are unique in their border control role, with responsibility for the oversight of safety and security rules originating from different policy areas and explicitly addressing trade facilitation. The mission of customs authorities is set out in the Union Customs Code, Article 3, and sets out the responsibility of customs. Their responsibilities range from putting in place measures to protect financial interests of the Union and Member States; protecting the Union from unfair and illegal trade while supporting legitimate business activity; ensuring the security and safety of the Union, and protection of the environment, where relevant in close cooperation with other authorities and, maintaining a proper balance between customs controls and facilitation of legitimate trade.

In line with their mission, these responsibilities give them the most comprehensive insight on the requirements for economic operators (both customs and non-customs) and the concerns they face. Indeed, customs authorities across the EU have referred to the need to maintain a proper balance between controls and facilitation of legitimate trade as a reason for developing initiatives that simplify the processes for dealing with the complex regulatory requirements presented above. French customs authorities aim to enhance performance of the ports on the Northern coast for example, by optimising clearance processes for legitimate trade.

[54] (2014) EC Report: Flash Eurobarometer 399 - The Electronic Customs Implementation in the EU
[55] http://www.efsa.europa.eu/en/press/news/140221
[56] https://echa.europa.eu/documents/10162/31b4067e-de40-4044-93e8-9c9ff1960715

The different needs and objectives of Member States adds a further layer to the problem. Member States have different comparative advantages and trading profiles, and naturally have corresponding differing objectives in terms of balancing trade facilitation with risk management. An example of the contrasting situation in the Netherlands and Italy illustrates this point (see box below).

Box 6: Explanation of how differing comparative advantage can lead to differing practices

Member States have different competitive advantages, and this gives rise to different needs and practices when controlling goods at the border.

Since 2010, the Netherlands has consistently handled the highest volumes of maritime freight transport in the EU[57]. A substantial proportion of the goods reaching Dutch ports are destined for elsewhere[58]. For example, it has been estimated that of goods transhipped in the Rotterdam port area over half had a foreign destination[59].

As a logistics and transport hub, the Netherlands has sought to burnish its competitive advantage by investing heavily in technology and risk-based controls, allowing for the speedy passage of large volumes of goods.

In Italy, the volumes of seaborne goods handled are also high: in 2016, Italy handled 12% of all EU seaborne goods making it third in the EU (after the Netherlands and the UK[60]). But in Italy, since imports are typically for domestic consumption, and in contrast to the Netherlands, the agricultural and manufacturing sectors are significant in Italy, the risk calculus is different.

This leads to more emphasis on the potential detrimental impact of competition from sub-standard or dangerous imported goods, which could, for example, spread disease or undercut domestic production. This gives rise to a different set of local security and safety needs; as compared to the transport and logistics hub.

On their own, different foci create a more complex web of objectives and needs, and reduce the likelihood that a solution will occur without intervention. When this is combined with the fact that limited and variable resources are available, it means that there is a tendency to avoid major investments where there is not a legal imperative or political unity behind them.

Feedback from customs authorities shows that resource constraints (along with the lack of supporting legal framework) was considered to be the most important impediment to a national single window (as selected by eight out of twelve respondents to a survey issued to the project group[61]). The German authorities have emphasised that while UCC requirements are being implemented, resources for other initiatives are severely limited. Indeed, the Commission estimates that UCC implementation will continue to impact on IT resources until 2025.

[57] At 589 million tonnes, the volume of seaborne goods handled in Dutch ports represented 15.2% of the EU total in 2016. See: Eurostat (mar_mg_aa_cwhd), https://ec.europa.eu/eurostat/statistics-explained/pdfscache/6652.pdf.

[58] In the context of Brexit this has been referred to as the Rotterdam (or Rotterdam-Antwerp effect) which leads to a distortion of trade flow statistics due to errors in the way trade is calculated when trade flows through ports on their way to final destinations outside of the country or trading block. In the case of Rotterdam and Antwerp, a large proportion of goods are simply unloaded from one ship and reloaded onto another in a relatively short space of time.

[59] https://www.cbs.nl/en-gb/news/2018/36/half-of-goods-from-rotterdam-have-foreign-destination

[60] Ibid.

[61] The survey was issued following the 9th project group meeting held in May 2018 and asked for qualitative and quantitative data from the Member States and trade associations on Option 6 (which relates to interoperable national single windows); including barriers and constraints.

2. Lack of cooperation and coordination between authorities involved

In addition, and linked to the above (at least insofar as the have different remits and foci), the numerous different authorities responsible for goods clearance are typically operating in institutional siloes, and are not systematically coordinated.

In-depth evidence from field visits conducted confirmed that cooperation and coordination was not an established norm and required commitment, time and resource from both sides to develop new systems for cooperation and coordination of efforts.

Our research showed lack of cooperation is a significant, widespread issue with the evidence suggesting **relevant competent authorities often do not work together systematically**.

Rather, where formal cooperation has been developed, it is typically with a limited number of competent authorities. For instance, in Romania agreements are in place with the Ministry of Health, which allows for a coordinated control for goods requiring CVEDs but not with other partner authorities. Likewise, in Ireland, collaboration between Customs and the Department for Agriculture, Fisheries and the Marine allows for coordination of goods required CVEDs but is exceptional when compared to other partner competent authorities.

There are exceptions that warrant special mention due to their progress in forging links between customs and partner competent authorities (despite a lack of pre-existing coordination and collaboration between authorities).

In France, the customs authority is implementing a national single window initiative, and is already working with five out of 15 possible competent authorities dealing with regulatory requirements at the border and is in the test phase with two more.[62] While in Spain, the ambition is to develop collaboration with authorities progressively, including developing a Single Entry Point. Spanish customs is already collaborating with a number of different authorities.

As explained by both France and Spain, to co-develop a solution that met the needs of different authorities, frequent meetings were necessary to develop their understanding of the legal frameworks and systems used by each side. This improved understanding of each side was cited as one of the (unexpected) benefits of the collaboration.

Another special case is Italy, agreements are in place for CVED and CED and AGREX/AGRIM licenses, as well as several national certificates.

These examples are also indicative that in countries where the customs authority assumes a leadership role, driving coordination, the political dimension is less of an impediment. In the above Member States where the customs authority has assumed a leadership role (such as Spain, and France), or been given this authority (such as Italy), cooperation and alignment can be achieved.

Feedback from stakeholders suggest that this driver is particularly entrenched. When asked about factors which act as barriers to developing a single window environment, **nearly**

[62] The first connection was established in December 2015 between DELT@-G (the IT system of the French customs administration) and i-CITES, an IT system managed by the *Direction Générale de l'Aménagement, du Logement* for the certificate for goods subject to CITES, the Convention on International Trade in Endangered Species of Wild Flora and Fauna. As of December 2108, customs authorities had established links with five partner competent authorities: January 2016 : The *Groupement National Interprofessionnel des Semences et des plants* (*GNIS*), "National Interprofessional Seeds Association"; June 2016: *FranceAgriMer*, the French farm office; January 2017 : The *Institut de radioprotection et de sûreté nucléaire* (IRSN), "Radioprotection and Nuclear Safety Institute"; June 2018: the *Service des Biens à Double Usage* (SBDU), Services for dual-use.

half of responding customs authorities cited the reluctance among competent authorities to give up traditional areas of responsibility or coordinate with other authorities (five out of twelve respondents).

Respondents to the open public consultation show the lack of coordination among authorities (for example, for excise and VAT matters, or between national customs and EU authorities) is considered an issue affecting cross-border operations. One respondent specified that improving coordination between authorities should be the priority. This respondent considered that customs authorities, as the "final" authority for the release of goods, should play a leading role in the organisational structure. To this end, it is necessary to configure the legal framework, particularly at national level, in such a way that customs can also exert the necessary political influence.

4.2.3. Cross-cutting: uneven digitisation

Although there is an EU digital agenda "the Digital Agenda for Europe"[63], an express legal requirement to digitise government services across competent authorities is missing, meaning many Member States continue to use paper documents. Since partner competent authorities are not fully digitised, border management cannot be fully automated (even if customs processes are digitised). This was found to be the situation in most Member States. For example, in Poland, uneven digitisation across competent authorities has acted as a barrier to fully automated data exchange. In Ireland many of the competent authorities consulted as part of the fieldwork revealed they are gradually working towards digitising their systems, but this will take time.

Case studies of regulatory requirements have shown the limits to the full digitisation can be embedded in the regulation or be linked with the level of digitisation of third country partner competent authorities. For instance, the EU Waste Shipment Regulation[64] specifies that paper-based notifications should be supplied ahead of export to the competent authority meaning paper documentation is still written into the regulation. Looking at the Forest Law Enforcement, Governance and Trade (FLEGT) Regulation we find differences between Member States: in Germany customs offices which use "FLEGIT" (an IT system to manage FLEGT) and have no paper-based activity, but in the Czech Republic (where customs is the competent authority), customs offices need paper licences to be able to record them into the FLEGIT system in cases where the importer does not insert them itself. A study looking specifically at policy solutions to improve the implementation of a specific firearm protocol[65] shows concretely the differences in systems across Member States:

Box 7: Evidence of different licensing systems at national level[66]

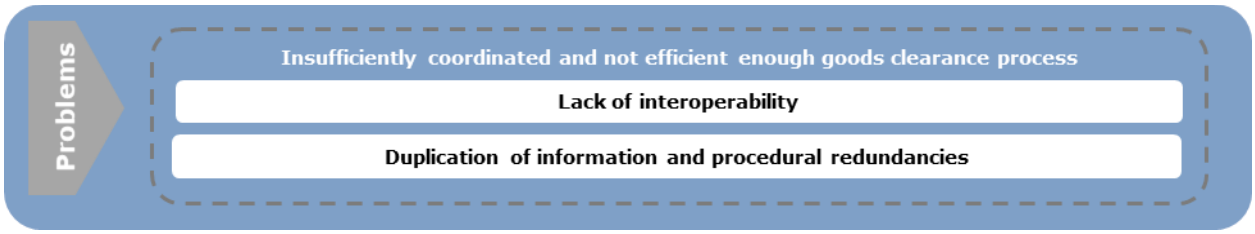
Among Member States for which information is available, five Member States (AT, CZ, DE, EE, UK) have fully electronic licensing systems, while the application is only paper-based in seven Member States (DK, FI, HU, LU, PL, PT, SI), the Belgian Capital Region (BCR) and the Belgian Walloon Region (BWR). Nine Member States (ES, FR, IE, IT, LT, LV, NL, RO, SE, SK) and the Belgian Flemish Region (BFR) allow for submitting application in both electronic and written form.

[63] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Digital Agenda for Europe, 2010.
[64] https://ec.europa.eu/eurostat/web/waste/transboundary-waste-shipments
[65] Article 10 of the UN Firearms Protocol (UNFP) in relation to export authorisation, and import and transit measures for civilian firearms, their parts and components and ammunition
[66] Source: EY, SIPRI and RAND (2017), *Study in view of a report evaluating the implementation of Regulation 258/2012 - Final Report.* Information from the Final Report was double checked during the field visits.

There are examples of countries forging ahead with initiatives to digitise their systems. Italy is an example of a country that bucks this trend, along with Spain and France who have embarked on similarly ambitious initiatives. In Italy, an extraordinary amount of political will has been garnered to develop electronic replacements for a number of reporting obligations (namely for the import and export of agricultural goods, and animal and plant-based products).

4.3. The problem

The drivers outlined above lead to several problems. These fall under the broad heading of processes for goods clearance being insufficiently coordinated and not efficient enough. This section explains the problems in more detail and provides evidence on their nature and order of magnitude.



4.3.1. Insufficiently coordinated and not efficient enough goods clearance process

Due to the above-mentioned drivers, the practicalities of dealing with customs and non-customs regulatory requirements are fragmented. While the specificities and scale of the problem vary by Member State and regulatory requirement, it is a widespread issue that affects economic operators trading in Member States to a certain extent. The problem has several dimensions, which are summarised as: lack of interoperability and duplication of information and procedural redundancies.

1. Lack of interoperability

One dimension of the problem can be summed up as a lack of interoperability. The definition of interoperability according to the European Interoperability Framework is presented in Box 8.

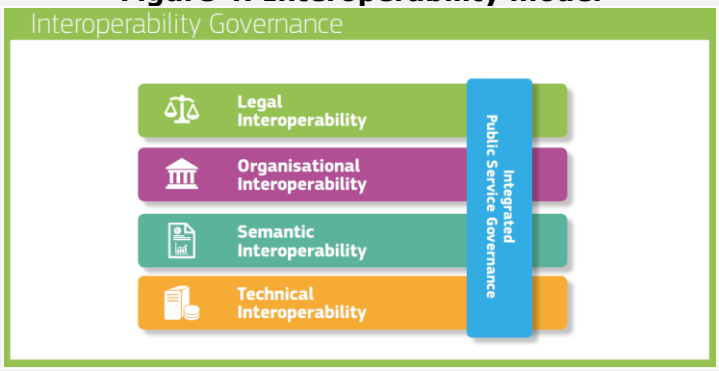
Box 8 Description of the European Interoperability Framework

The (new) **European Interoperability Framework** defines interoperability as:

"the ability of organisations[67] to interact towards mutually beneficial goals, involving the sharing of information and knowledge between these organisations, through the business processes they support, by means of the exchange of data between their ICT systems."

It describes an **interoperability model** comprised of four layers of interoperability.

Figure 4: Interoperability model



Source: European Union, 2017, New European Interoperability Framework[68]

This model is applicable to all digital public services and may also be considered as an integral element of the interoperability-by-design paradigm. It also comprises a cross-cutting component of the four layers ('integrated public service governance'[69]) and a background layer ('interoperability governance').

While technical interoperability is based on acknowledged standards and semantic interoperability is recognised concepts and methods available, aspects and characteristics of organisational interoperability are much more heterogeneous and do not provide similar guidance.

The lack of interoperability is a major obstacle to progress on the digital single market and achieve an integrated, coordinated border management. It is the result of the complex regulatory set up and contributes to the fragmentation of border management. But it also contributes to another dimension of the problem: the duplication of information and procedural redundancies. As such, the lack of interoperability is the main and most significant element of the problem. It affects competent authorities (at the EU and national level) in their day-to-day work by preventing seamless sharing of information, as well as economic operators in their day-to-day work, who have to repurpose information for multiple authorities. Indeed, "harmonisation of data, systems and procedures across Member States and sectors" was identified as the most important objective for potential EU action, as selected by 93% of economic operators responding to the public consultation. Exactly the same proportion of respondents, 93%, cited "promotion of electronic means to exchange information" as the other most important objective of potential EU action. Both of these objectives are part of interoperability, showing the significance of this problem for economic operators.

[67] 'Organisations' here means public administration units or any entity acting on their behalf, or EU institutions or bodies.
[68] https://ec.europa.eu/isa2/sites/isa/files/eif_brochure_final.pdf
[69] The European interoperability framework, the Interoperability Action Plan and the European interoperability architecture (EIRA) are important parts of interoperability governance at the EU level.

As per the definition in Box 8, the use of IT systems is a prerequisite for interoperability. The increased digitisation of logistics processes (including IT developments in the customs domain, sanitary border control, maritime transport, etc.) creates opportunities to exchange digital data to perform automated checks[70]. However, due to a combination of regulatory and political factors described under 3.2, many of the relevant border formalities still rely on paper-based supporting documents.

There is no comprehensive data on the level of digitisation of different government services required for customs operations around the EU; but the differing levels of maturity are well known and documented at the EU level[71].

Evidence of this has also been collated during the field visits to the Czech Republic, France, Germany, Ireland, the Netherlands, Romania and Spain. During these visits and through direct consultation with trade associations, the fact that some applications for supporting documents are made electronically, while for others, letters or even face-to-face meetings are required, was evidently pervasive and impacted the day-to-day work of economic operators as well as customs authorities[72].

To give an indication of the scale of the problem, it is worth reiterating that (as discussed under drivers) reporting formalities associated with the import and export of various goods imply dealing with partner competent authorities for around 13% of EU imports and exports at EU level.[73].

There is no comprehensive data on the level of digitisation of these competent authorities, making it difficult to estimate the precise proportion of the declarations that require paper. However, given anecdotal evidence of the pervasiveness of this problem (see above "uneven digitisation"), a conservative estimate would suggest that many of these requirements still involve some paper-based elements. Indeed, the regulatory requirements (summarised in Table 7) which are estimated to relate to the highest volume of declarations typically still require paper. These alone are estimated to account for nearly 3 million customs declarations annually.

Table 7: Highest volume regulatory requirements that still require paper documents, estimate number of declarations affected annually

Regulatory requirement	Import / year	Export / year	Total declarations affected / year
CHED-PP	972 000	N/A	972 000
CVED-P / CHED-P*	655 000	N/A	655 000
Waste shipment	231 000	188 000	419 000
AGRIM / AGREX	244 000	72 000	316 000
CATCH certificate	417 000	23 000	440 000
Total	**2 519 000**	**283 000**	**2 802 000**

*Source: Declarations and supporting documents data from Member State customs authorities; Extrapolations based on Eurostat trade data; NB: figures in draft form to be updated for draft final report. *CVED-P until December 2019, thereafter CHED-P*

[70] The digital transformation of supply chains was one of eight megatrends to be identified in a recent publication by the World Economic Forum (2017) citing trends likely to drive the future of logistics

[71] As evidenced in the European Commission's *Digital Economy and Society Index Report 2018*, which shows different levels of digital public services for businesses.

[72] The representative of a company offering software solutions for customs processing referred to several examples: in Bulgaria, these documents are generally difficult to get, in Spain physical presence is needed to get them, in Italy it is a local software, etc.

[73] Based on 2016 declarations data from DG TAXUD and feedback from Member State administrations

Two other components of interoperability are technical and semantic interoperability. Technical interoperability means information is based on acknowledged standards and semantic interoperability is about recognised concepts and methods.

Different systems and requirements coexist within and between Member States, as well as at the national and EU level. In addition, data elements are not always harmonised between DG TAXUD and the Directorates-General responsible for most border formalities.

Box 9: Evidence of different data elements and absence of harmonisation

As stipulated in the UCC, businesses and people wishing to move goods or service into or out of the EU must use an EORI number as an identifier in all customs procedures when exchanging information with Customs administrations. An EORI number refers to "Economic Operators Registration and Identification" number[74]. Partner competent authorities at EU or national level may use their own identification methods for traders / registries and do not have access to the EORI system; customs likewise do not have access to competent authority systems for identifying economic operators and would not legally recognise their use.

This prevents the efficient sharing of information for statistical and security purposes across policy domains.

More generally differences in data sets inhibit exchange across competent authorities and at EU / Member State level, resulting in the submission of the same information several times. As such, harmonisation facilitates data sharing between authorities, while serving as a prerequisite for data re-use and ultimately for the implementation of the once-only principle (see below). A lack of harmonisation, which is the norm in the EU at present, serves as a barrier to re-use of data. As explained under consequences, this is a significant drag on the supply chain, diverting resources that could have been deployed elsewhere.

Box 10: An explanation of the meaning of data harmonisation and the process involved

Data harmonisation involves a set of activities that improve data element consistency in terms of their semantics and representation format. Recommendation 34 UN/CEFACT75 defines data harmonisation as an iterative process of capturing, defining, analysing and reconciling government information requirements, and data standardisation as the mapping of these simplified data to international standards. Usually undertaken at the semantic level before analysing document structures, the process of data standardisation creates the message syntax from standard naming rules that may be part of standard technical specifications. In turn, this ensures that the message syntax is also harmonised.

Emerging national initiatives are characterised by different modalities and maturity levels, with little interoperability or consistency between them. They have been developed independently and without a common definition of key elements, including what comprises a single window (i.e. whether it is limited to government-to-government exchange of information or whether it includes business-to-government exchange).

Where requirements are at the EU level, EU CSW-CERTEX provides a partial solution for the nine participating Member States to date, but it remains voluntary and has a limited scope, which makes it difficult to reach a critical mass of participation or generate

[74] It is unique in the customs territory of the European Union, assigned by a customs authority to an economic operator or to another person to register that person for customs purposes (as per Article 1(18) of the Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code

[75] http://www.unece.org/fileadmin/DAM/cefact/recommendations/rec34/ECE_TRADE_400_DataSimplificationand_Rec34E.pdf, pg. 7.

harmonised data requirements, formats or business processes for all Member States, or for the many different formalities for the import, export or transit of certain goods. As stated by Irish Customs (an early member of the pilot project): "Further benefits will not materialise until EU CSW-CERTEX is mandatory for all Member States and expanded to other certificates".

2. Duplication of information and procedural redundancies

Inextricably linked to the lack of interoperability is the problem of duplication of information and procedural redundancies. While the data included in the customs declaration and the application for supporting documents overlap to a certain degree, a lack of data harmonisation, poor exploitation of electronic exchange of information and lack of interoperability between national systems all contribute to a need to tailor information to meet the different requirements within and between Member States. This is a significant administrative burden for economic operators and customs authorities.

A total of 81% of economic operators responding to the public consultation cited "submission of the same information to more authorities" as negatively impacting the movement of goods. The existence and persistence of this challenge was recognised in the 2018 annual World Bank Publication that focuses on Logistics Performance, which states that "*Indicators for red tape show a continuing lack of border coordination, resulting in a burden on private logistics operators*"[76].

An example of this demonstrates the point clearly: a Dutch economic operator (see more detail in box below) explained that some supporting documents need to accompany customs declarations in paper format, while the extent of duplication of information submitted to authorities was also confirmed by customs authorities.

Box 11: Evidence of procedural redundancies in import of aluminium

A customs policy adviser working for a Dutch company provided the example of aluminium, for which part of the procedure is electronic, but the document is in paper format. When importing aluminium from certain third countries, economic operators must apply for a specific document to facilitate the Commission's monitoring of this type of product (both in terms of quantity and prices)[77]. The Interpretative Notice on the application of the prior Union surveillance of imports of certain iron and steel products and certain aluminium products originating in certain third countries[78] states that "According to the Steel and Aluminium Surveillance Regulations, the application for a surveillance document can be made electronically. The paper requirements apply only to the surveillance form itself".

The customs authority in Spain confirmed that for steel and aluminium surveillance document 92% of the data to be provided by the Economic Operator are already in the customs declaration. Further, they confirmed around 25-30% of the customs declarations affected by non-customs regulatory formalities require more than one certificate creating a high potential for duplication of information across these different requirements.

Several European trade associations (as represented in the EU Single Window project group) were consulted on their view of this issue. One representative (whose view was typical) stated that "*[a]t the moment, duplication and inefficiencies caused by the absence*

[76] Connecting to Compete, Trade Logistics in the Global Economy (See p.25) https://openknowledge.worldbank.org/bitstream/handle/10986/29971/LPI2018.pdf
[77] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R0640
[78] http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc_156933.interpretative-notice.en.C201-2018.pdf

of harmonised procedures and systems amongst Member States are an economic drag on the whole supply chain".

A representative from another trade association explained that, when dealing with different authorities at the border, in many cases the economic operator needs to act as a "postman", carrying around files and sharing them with different authorities. This interviewee further highlighted that if goods are to pass through more than one country, the process becomes especially difficult as it is then often unclear how and where to apply for the supporting document in question. Customs brokers are often required to navigate specific local procedures, which in turn means additional costs. Custom brokerage is a specialised service which does not typically have a fixed price. Prices are seldom made public, since these depend heavily on the complexity of the requirements and volumes concerned[79]. The varied and commercial nature of this information meant it was not possible to gather definitive figures. Moreover, interviews conducted for the impact assessment support study showed that large companies may hire customs broker(s) to work in-house; meaning for a given office, the cost of customs brokerage would be equivalent to (at least) 1 FTE.

As such, the size and scale of the problem is considered to be significant for those dealing with multiple authorities for the import and export of goods with non-customs reporting formalities. There is a corresponding burden on customs authorities who are at the border and required to certify compliance with non-customs formalities when handling goods.

[79] WCO Study Report on Customs Brokers (June 2016) showed that 81 Members (87%), note that free market principles apply in their respective countries. Only in the case of 12 Members (13%) fees are either fixed or monitored in some way (e.g. setting out minimum fees) by a government authority, mainly the Customs department (and in some instances together with a private sector body).

4.4. Consequences and size of the problem

This section presents evidence to explain the consequences of the problem described above. Understanding the link between the two helps assess the plausible impact of different avenues for action.

Consequences can be divided into two types: an inefficient use of financial and human resources and an ineffective application of rules in the EU single market. Indeed, the problem described above creates undue administrative burdens, which result in an inefficient use of resources for both economic operators and competent authorities (both the EC and within Member States). Altogether, this explains why rules are not effectively implemented in the EU single market.

4.4.1. Inefficient use of financial and human resources

The problems described above, namely the lack of interoperability and duplication of information, contribute to an inefficient use of financial and human resources. They imply that processes at the border are more time-consuming to deal with, and clearance times are therefore longer, while the opportunity cost of compliance is also higher. Both these elements are described below.

1. **Longer clearance times**

Main affected stakeholders: economic operators

One of the consequences of the problem outlined above is the amount of time needed for customs clearance. The stakeholders affected by this problem are primarily economic operators, specifically those dealing with goods subject to non-customs formalities (such as food, animals or animal products, among others).

Data on processing times for different regulatory requirements was requested from the project group. However, the information provided by Member States was neither complete nor comparable. Authorities expressed difficulties in calculating times due to the importance of different factors, variability and lack of systematic tracking of clearance times. Nevertheless, the evidence from multiple sources shows – not only that clearance times are unpredictable – but that these are considered intolerably long, especially for certain goods or certain Member States.

In a 2014 Flash Eurobarometer, half the respondents representing companies handling customs procedures internally, faced difficulties in predicting the length of the customs clearance process[80]. This was emphasised in the open text responses to the public consultation carried out in 2018, suggesting it remains problematic. Again, the issue of predictability featured in the World Bank research into logistics performance and again, the variability between countries was striking; Germany was first globally, and Malta was 71st, closely following Latvia, which was ranked 69th.

More than 80% of respondents to the public consultation conducted in 2018 to provide evidence for the impact assessment indicated that time was a problem to a limited or great

[80] (2014) EC Report: Flash Eurobarometer 399 - The Electronic Customs Implementation in the EU.

extent. This makes clearance time the most prominent problem for respondents. Over 140 respondents also provided open text comments on the issues that affect businesses' operations the most. Again, the amount of time needed for good clearance was the most frequently mentioned factor (featuring in 35 responses).

Other research on these issues shows the persistence of the problem for economic operators and significant variation in the extent of the problem in different Member States.

The Logistics Performance Index, as assessed by the World Bank based on economic operators' views[81], shows that performance of goods clearance varies significantly between Member States. Germany ranks first in the world for customs processes (which include clearance of customs and non-customs formalities) while Malta is the lowest within the EU and ranks 56th globally. As stated in the 2018 Report, better rankings (based on economic operators' views) are associated with fewer supporting documents linked to non-customs formalities (which is not the same as fewer requirements but can indicate simplification or better sharing of information between authorities): "Countries in the top quintile typically require two supporting documents for trade transactions, and those in the bottom, four to five". While data on this issue is mainly anecdotal, there is more evidence of these disparities between Member States. For example, a collaboration between the Italian Ministry for Economic Development has allowed AGRIM/AGREX licenses to be fully digitised in Italy (and automated sharing of information), while in Ireland these licences remain paper-based, leading to more time-consuming clearance times for traders as authorities perform time-consuming checks of the associated paper documents.

Unfortunately, none of the sources provide evidence as to the actual clearance times, part of the reason for that is in the responses themselves, which shows difficulty in predicting clearance times to be part of the problem. Indeed, in addition to long clearance time, a lack of predictability of the time needed for customs clearance has featured as a difficulty for economic operators. In a 2014 Flash Eurobarometer, half the respondents representing companies handling customs procedures internally, faced difficulties in predicting the length of the customs clearance process[82]. This was also mentioned in the open text responses to the open public consultation, suggesting it remains problematic. Again, the issue of predictability featured in the World Bank research into logistics performance and again, the variability between countries was striking: Germany was first globally, and Malta was 71st, closely following Latvia which was ranked 69th.

2. Opportunity cost of compliance

Main affected stakeholders: customs authorities, economic operators and potentially citizens

The opportunity cost of compliance relates to the financial and human resources that are needed to deal with customs and other regulatory requirements, which could otherwise be deployed elsewhere. The need for these resources is linked to the complexity of requirements described above: as regulatory requirements increase, the clearance time increases, and so do the resources needed to deal with them. The stakeholders affected by this problem are primarily customs officers who must spend resources processing declarations, and economic operators who must navigate complex systems and liaise with different authorities. Other competent authorities may be impacted but to a lesser extent,

[81] The LPI relies on an online survey of logistics professionals from the companies responsible for moving goods around the world: multinational freight forwarders and the main express carriers. Freight forwarders and express carriers are best positioned to assess how countries perform.

since they are typically involved in only one element of the process[83]. Ultimately, citizens may also be impacted as costs are pushed onto them in the form of higher prices.

Evidence from several sources shows there is too high opportunity costs of compliance for the main stakeholders involved.

There is anecdotal evidence of the high opportunity cost of compliance from customs authorities in Member States collected during the fieldwork. For example, in Ireland, customs officials estimated dealing with non-customs formalities accounted for two thirds of their work. Some staff were dedicated to dealing specifically with implementing or verifying non-customs formalities. The most burdensome (and time-consuming) of all was the license for import of agricultural goods. As such, this represents a diversion of resources from other tasks, which could potentially have higher added value.

In Spain and France, the introduction of a single window environment has resulted in automated risk analysis with huge time and human resource savings. In Spain, the system analyses data from the different competent authorities' systems and creates a risk analysis which is analysed in 1 minute, whereas before it was very time consuming to manually do this analysis (up to two days). A similar situation was found in France where the single window environment has led to fewer interventions on the part of customs officers, freeing up their time for other activities. Specifically, prior to the automated exchange of supporting documents 85% of supporting documents required manual checks, whereas now this has been reduced to 15% for supporting documents included in the single window environment. This means intervention is much less likely and resources can be deployed elsewhere.

For economic operators, the opportunity cost of compliance is also considered a significant problem, especially for smaller organisations with fewer resources. Evidently the costs will be higher for economic operators in sectors where border formalities are more complex (i.e. for food, animals and animal products), and for those economic operators trading in countries where systems are more outdated.

The extent of human resources needed to deal with cross-border formalities is evidenced by the responses to the public consultation: most economic operators, and Micro, Small and Medium Enterprises (MSME) specifically, reported that they devote between one and four Full Time Equivalents (FTEs) to formalities related to movement of goods across borders. Unsurprisingly, large businesses tend to have more staff dedicated to customs operations and related regulatory requirements. Interestingly, only five MSME representatives, and no large businesses, reported that they have no staff devoted to cross-border operations.

The public consultation showed that most economic operators have not changed the number of FTE employees devoted to custom formalities over the last five years. Although, where change have occurred, it was more common to have been an increase of FTE employees than a decrease. Furthermore, over half of the economic operators responding to the open public consultation indicated that the additional training and service costs relating to compliance caused problems to their organisation 'to a high extent'.

Consultations with representatives of trade association members confirmed the significance of costs associated with hiring customs experts to deal with the specificities of the different national systems, and again highlighted this is particularly burdensome for SMEs. One organisation had to set up a team dedicated to specifically dealing with the different national single windows. Interviews with trade associations and competent

[83] Competent authorities deal with economic operators' application to deliver the supporting documents.

authorities also confirmed the frustration with the wastage of resources associated with the continuous use of paper-based systems.

Economic operators expect their administrative burden to be positively improved based on EU measures to address the problem (as cited by 87% of respondents to the public consultation).

4.4.2. Ineffective application of rules in the EU single market

As well as being inefficient, the problems of low interoperability and highly complex systems creates knock-on effects for the security and safety of citizens, animals and the environment as it makes it more difficult to ensure the effective application of rules in the EU single market. Leading from the issues described above relating to complex border management processes which are outdated, and not joined up within Member States, there are a number of sub-optimal consequences. Firstly, there is a heightened risk of fraud due to outdated systems. The absence of EU wide systems for real time quantity management, means that quotas and allocations cannot be accurately managed. The possibility for divergent application of EU rules (due to differing applications of these rules in Member States) leads to the possibility for distorted competition. Finally, the complexity of regulatory requirements and the number of authorities that need to be dealt with for management of import and export of goods, mean that the likelihood of non-compliance simply because of lack of knowledge or comprehension is higher.

1. **Risk of fraud**

Main affected stakeholders: partner competent authorities, EU citizens

The risk of fraud and corruption relates to the exposure to deliberate deception to secure unfair or unlawful gain. This risk becomes higher when the systems for enforcement of regulatory requirements between and within Member States are not digitised or interoperable. This was found to be the case for paper-based systems. Since there is no strict one-to-one relationship between supporting documents and customs declarations, in case supporting documents are supplied in paper, it is more difficult to prevent their fraudulent reuse[84].

The most tangibly affected stakeholders are partner competent authorities who are unable to effectively apply rules and regulations in their remit when there is a higher risk of fraud or illegal activity. Evidence from several sources shows that there is currently an unacceptable risk of fraud, although estimating its size is complicated. An example of an area where the potential risk of fraud and illegal activity has been investigated in detail is in relation to hydroflurocarbons (HFCs). The box below provides evidence of this in more detail.

[84] Interviews with economic operators (trade associations) showed that the continued use of paper-based systems does expose authorities to possible fraud. Economic operators explained that when paper documents are used there is scope to pretend these have been lost to acquire a new one which does not show its previous use, or to modify them. In addition, interviewees acknowledged person-to-person contact (rather than system to system connection) is open to bribery and corruption although it was not possible to estimate the scale of this risk.

Box 12 Evidence of illegal trade of HFCs

The EU committed to phase down the use of HFCs in line with the 2016 Kigali Amendment to the Montreal Protocol and has since seen HFC prices in Europe increasing significantly.

A report published by Environment Investigation Agency (EIA)[85], a charity focused on investigating criminal activity with harmful environmental impact, provides quantitative evidence of how this has spurred illegal activity, and why there is reason to suspect fraud.

The EIA's analysis showed that "as much as 16.3 million tonnes of carbon dioxide equivalent (MtCO2e) of bulk HFCs were illegally [i.e. above the allotted quota] placed on the market in 2018. This represents more than 16% of the 2018 quota". Further, this known oversupply is in addition to illegal imports of HFC-containing equipment and illegal HFCs that they posit is "undoubtedly being smuggled under the radar of customs".

The detailed analysis conducted by EIA showed discrepancies in the figures held by customs and the HFC Registry. **They uncovered a discrepancy of 14.8 MtCO2e, which represents approximately 8.7% of the 2017 quota**, when comparing the data held by customs (calculated based on the CN codes of goods handled by customs) and the HFC Registry (which is managed by the European Environment Agency for the implementation of quantity / quota control). As stated by the EIA, given that reports to the HFC Registry are self-declared (only companies importing over 10,000 tCO2e are subject to audit) and there is limited or no cross-checking with customs data, there is great potential for manipulation of HFC Registry reported data.

EIA also surveyed companies and found more than 80% of the companies surveyed were aware of or suspected illegal HFC trade and 72% had seen or been offered refrigerants in illegal disposable cylinders[86].

While it is difficult to estimate the true size of the problem of fraud since the existence of undetected fraud precludes having data on the full extent of the problem (and this can be a sensitive area to report on); detected fraud in certain areas gives an idea of the scale of the problem, suggesting the scale (and financial loss) is significant.

The level of fraud relating to the "customs gap" - defined as: the difference between the theoretical import duty level[87] that should be collected for the economy as a whole and actual import duty collected – can give some indication of the impact of detected fraud and irregularities on customs. Missed customs duties are just one of the potential costs of fraud, there are also the impacts to security, safety of people and the environment.

A review of literature showed efforts to estimate have established an absence of systematic information gathering and no consistent estimates of the likely size of the customs gaps produced by the Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors or national customs agencies.

A report published by the European Parliament in 2013 cited a figure for detected customs fraud, while showing why this was likely to be only scratching the surface of the actual extent of customs fraud:

"The European Commission reports that value detected customs frauds and irregularities is over EUR 387 million. This figure, however, represents only the tip of the iceberg as the volume and value of undetected custom frauds is likely to be much higher. For example,

[85] https://reports.eia-international.org/doorswideopen
[86] !8 companies were surveyed, from 11 Member States
[87] Import duties refer to customs duties and charges having an effect equivalent to customs duties payable on the importation of goods. This encompasses customs duty, import VAT, excise and agricultural levies.

Europol estimates that cigarette smuggling is costing the EU more than EUR 10 billion annually."[88]

Notwithstanding the complex nature of combating fraud, where electronic national single window initiatives have been developed, the evidence gathered suggests this has to some extent contributed to reducing the risk of fraud and corruption through more joined-up information sharing. This was found to be the case during field visits to Spain and France. For instance, when an electronic solution was introduced at national level in France it showed that 5% of CVEDs were illegally reused[89]. In Spain, new technologies introduced as part of the national single window initiative included measures to better combat fraud. Although no data on the impact of these was available, the authorities believe this to have reduced the risk of fraud. In other Member States, the reduction of fraud was expected to occur through the introduction of electronic solutions, particularly where these were developed at EU level or made interoperable between Member States. The EIA report on illegal HFC trade also sees the solution to the illegal activity coming through interlinked IT systems which create more transparency and possibilities for quantity management in real time (see more on this below). Likewise, the European Parliament report on the shadow economy refers to the importance of electronic systems and information sharing as a means to combat fraud through better traceability and easier to identify irregularities, among others.

2. **No EU-level quantity management**

Main affected stakeholders: EU and national competent authorities

Some supporting documents can be used to import or export defined quantities of goods which can be split across different consignments. Typically, such documents are valid in the whole EU, meaning that relevant consignments may be cleared in different Member States. To verify the validity of such documents, authorities need to know that the remaining quantity has not already been written off in the clearance of other consignments. While performing such checks manually is time-consuming and subject to error and fraud, automated quantity management requires data to be shared in real time. Similar principles apply to goods subject to quotas, (e.g. fluorinated gases and ozone-depleting substances), meaning further imports or exports are prohibited after a certain threshold is reached. The first recommendation arising from the EIA report discussed in detail in box 6 above explicitly recommends a system which would allow for real-time exchange of information[90]. It notes that the possibility for real-time per shipment licensing system would make enforcement of quotas possible (where currently there's scope to surpass or misreport).

Thus, quantity management at EU level would require a system for centralised monitoring of quantity management to continuously determine the remaining unused quantity for a supporting document used in one or more Member States. This can only function correctly and be effective if all Member States participate within a single IT platform and use it in a consistent way, or if all Member States have IT systems which are interoperable in real time.

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[88] From Shadow to Formal Economy: Levelling the Playing Field in the Single Market, European Parliament Study 2013

[89] See Business Case - EU Customs Single Window: Certificates exchange.

[90] The first recommendation from the report is for the implementation of "a fully functional per shipment HFC licensing system which allows customs officials to obtain necessary real-time information to determine if HFC imports are within the specified quota for a particular company". The report cites the possibility of a real-time quota system connecting the HFC Registry to the Single Window environment for customs (systems which are currently not linked) and requiring the tCO2 e of any bulk or equipment import to be noted on the customs documentation (the Single Administrative Document). See p.26 https://eia-international.org/wp-content/uploads/EIA-report-Doors-wide-open.pdf

As such, linked to the risk of fraud is the problem that EU-level quantity management is not possible in real time and extremely challenging to conduct retrospectively given patchy and inconsistent monitoring and reporting requirements. Data collected from national customs authorities does not match data collated at EU level by the relevant Directorates General. Significant divergences in the quantities recorded at EU and national level for some supporting documents were found. If it is not possible to ascertain data on quantities at the EU level, this implies quantity management at an EU level is very difficult to achieve in practice (as is the case currently).

Evidence from several sources shows there is an unaddressed demand for the capability to undertake EU-level quantity management in order to apply EU rules in the single market. For example, the desire to have quantity management capabilities is high on the Member States' agenda, as shown by feedback in relation to the CVED pilot and EU CSW-CERTEX. Member States' customs authorities have expressed strong desires to extend the system to all Member States in order to allow for EU level quantity management. Interviews with Commission officials also highlighted the prominence of this need for EU-level quantity management. This issue was said to contribute to the inconsistent enforcement of EU legislation in some domains, such as those relating to environmental protection (see further information in the box below).

Box 13: An example of why EU level quantity management is needed

Controls for the import and export of Ozone Depleting Substances licences (ODS) are managed centrally by DG CLIMA but implemented at the border. While DG CLIMA oversees issuing quotas and licenses and authorisation for economic operators importing goods, customs offices must conduct the controls at the border. This includes verifying the quantities and validating the licenses. However, only an estimated 15% of the Member State customs offices (i.e. about 400 out of 2 600 customs offices in the EU), are registered in the EU system to verify the authenticity and validity of the documents. In the case of ODS licenses, only 70% of the licenses are currently validated. The remaining 30% are not being checked in the system. In the case of F gases, where the EU is committed to reducing volumes by 80% by 2030, the uptick in prices already visible creates an incentive for illegal trade, and demonstrates the need for consistent enforcement throughout the EU.

3. Distortion of competition

Main affected stakeholders: Economic operators

The ineffective application of rules in the EU single market creates a distortion of competition. Evidence from different sources confirms this contributes to an uneven playing field for economic operators.

A special report published by the European Court of Auditors in 2017 which investigated EU customs controls reiterated serious weaknesses in customs controls and concluded the different approaches to applying customs controls leads to traders exploiting weaker links. The report found evidence of uneven application of customs controls which aim to tackle fraud in three areas: undervaluation, misdescription of origin and misclassification. It also found different approaches to imposing customs penalties. The report highlights that burdensome customs controls can have an impact on the traders' choice of customs office of importation and (air)ports with fewer customs controls may attract more traffic. The financial implications of these shortcomings are adverse but, as established in the report, the Commission has not calculated a customs gap (i.e. customs duty evasion) and no figure is provided; just evidence to suggest significant concern. A 2018 report from the European Parliament took this further to indicate that the current imbalance in the performance of customs control by Member States creates a "diversion of the flows of goods towards the

weakest points" – "port-shopping" by custom fraudsters.[91] This was confirmed by the case studies. For example, partner competent authorities in Spain reported a decrease in imports of small electronic materials for which controls are not as strict. This was also mentioned during the interviews with trade associations members, who highlighted a risk of incoherence for the EU if there are persistent differences in the application of community law by different Member States. Linked to this is the potential for some Member States or economic operators to exploit such differences for commercial gain.

4. Non-compliance related to lack of regulatory knowledge or comprehension

Main stakeholder affected: Economic operators (particularly small businesses)

The complexity of border management processes means that economic operators might not be aware of the full obligations on them. An increasingly regulated environment makes it harder for economic operators to stay on top of their obligations. Multiple sources confirm the complexity of requirements can be overwhelming and opaque for economic operators, who lack awareness of the full scope of arrangements. It is logical that estimating the extent that this is an issue but there is evidence to show that it has an impact on compliance.

Anecdotal evidence from field visits and consultations with the Commission suggested that indeed, in some cases, non-compliance was likely to be simply because of a lack of awareness. This was suggested in interviews with authorities dealing with the export of waste, and the import of ozone depleting substances, among others.

Further evidence from economic operators themselves shows they perceive the issue to be significant. A total of 84% of economic operators responding to the public consultation cited "insufficient support from authorities" as negatively impacting the movement of goods. This suggests difficulties navigating the complex legal and technical requirements for movement of goods which may in turn hamper compliance. Indeed, during the field visit to Ireland, a dedicated customs officer working for a fruit importer explained that the position had been created because without a dedicated customs and reporting formalities officer, the organisation was making too many errors and this was simply due to difficultly dealing with the complex requirements, liaising with different authorities and so on.

Box 14: Research into the risk of policy failure

An OECD study on how to reduce the risk of policy failure cites evidence of the lack of understanding as a factor in diminishing the likelihood of compliance. The report explains:

"People cannot comply with regulations if they do not understand what is required. In regulatory design and development, policymakers often feel pressure to issue new rules or expand existing ones to cover unforeseen circumstances, to close loopholes, and to address new problems. The cumulative effect of reacting to such pressure can lead cumulatively to a loss of simplicity and therefore the loss of the ability in the target groups to understand what compliance with the resulting regulatory structure involves."

Source: OECD study on reducing the risk of policy failure and challenges for regulatory compliance[92]

[91] Committee on the Internal Market and Consumer Protection, *Report on the proposal for a regulation of the European Parliament and of the Council establishing, as part of the Integrated Border Management Fund, the instrument for financial support for customs control equipment* (COM(2018)0474 – C8-0273/2018 – 2018/0258(COD)), 12 December 2018. http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2018-0460+0+DOC+XML+V0//EN

[92] http://www.oecd.org/regreform/regulatory-policy/1910833.pdf

4.5. Affected stakeholders

The key groups likely to be affected by the problem (and whose views and experiences were captured by the data collection for the present study) are summarised below. There are four key groups: national customs authorities, other national authorities, economic operators, and citizens.

Key stakeholders who are affected by the problem:

- Economic operators dealing with cross-border movement of goods, as represented by national, European and/or international trade and business associations. According to the function they perform for the trade transaction they could be grouped in:
    - Manufacturers, retailers and wholesalers who are active in the business of purchasing and/or selling goods and (especially in the case of SMEs) may need to employ specialist brokers to fulfil requirements for the import, export and/or transit of goods.
    - Shipping and transport companies that organise and take care of the physical movement of goods or arrange commercial transportation in the case of freight forwarders and logistics companies.
    - Other transport intermediaries such as port and airport authorities, terminal handlers, stevedores and warehouse operators, who are involved in the physical movement of goods.
    - Commercial banks, legal service providers and insurance companies, which are used by traders for payment of goods, payment of duties and taxes, insurance of goods during transport, insurance of vehicles, and the deposit of guarantees and securities or to advise on legal requirements.
    - Other intermediaries, who are involved in the fulfilment of procedures, including customs brokers and any businesses that provide a service to one or several parties in the supply chain, usually in form of data processing and information exchange.
- Member States' customs authorities;
- Partner competent authorities (i.e. the Commission and national / local ministries and their agencies) that rely on customs to control or implement their policies at the border (including a host of competent authorities such as: veterinary, sanitary, phytosanitary, agricultural and fisheries, environmental, pharmaceutical authorities) and authorities which use the information for different purposes (including statistical authorities, police and tax/revenue authorities);
- Citizens in general are also affected by the security of the market, as observed above, albeit indirectly.

4.6. How would the problem evolve, all things being equal?

The situation would continue to evolve, even without additional EU intervention. This section analyses whether the problem described above is likely to improve or get worse in the absence of EU intervention. It maps out relevant initiatives at EU and national levels, including EU CSW-CERTEX (participation in which is voluntary), and national Single Windows. The likely evolution of the situation in the presence of these initiatives, but no further EU action, has been investigated through the data collection activities and especially the case studies.

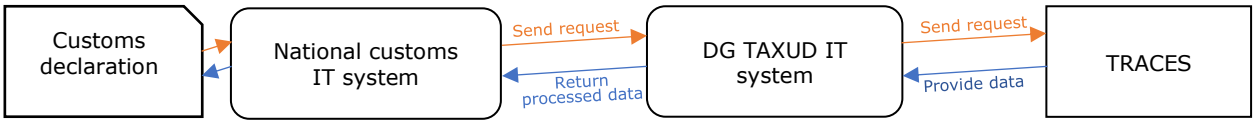
There are several initiatives at EU and national levels, which would continue even in the absence of new EU action. Most pertinent is EU CSW-CERTEX, which grew out of the EU SW-CVED pilot. This is a voluntary initiative that includes some of the features of an EU Single Window for customs. Individual Member States continue to improve their own customs systems and processes, including to some extent their interaction with partner competent authorities' systems. The following pages give an overview of these initiatives followed by an analysis of how the situation would likely evolve.

4.6.1. EU CSW-CERTEX

The EU Single Window CVED pilot allows for the automated verification by customs authorities of three types of supporting documents stored in an EU system called TRACES (TRAde Control and Expert System), which EU health law requires for certain goods and which are issued by partner competent authorities at national level.[93] The pilot is being expanded to become EU CSW-CERTEX (still on a voluntary basis) and cover more regulatory requirements. As of early 2019, nine Member States were participating in the project.

In practical terms, DG TAXUD's IT infrastructure links national customs systems with TRACES, as illustrated in the figure below.

Figure 5: EU CSW-CERTEX system information flow



Source: Study team based on information from DG TAXUD

An evaluation of the EU Single Window CVED pilot and CSW-CERTEX project is included in section 8. Already, the illustrated links allow processes for the import, export and transit of relevant goods to be improved and simplified for customs authorities and economic operators, and improve traceability for partner competent authorities:

- **Customs authorities**: instead of needing to consult external systems or paper documents, the necessary data are made available within customs authorities' own IT environment, in the correct format. This opens possibilities for automation and time savings, as well as the prevention of fraud and human errors. It also makes it easier to share information and collaborate with partner competent authorities, e.g. (depending on national arrangements) for the purpose of coordinating controls.
- **Economic operators**: instead of needing to wait for validated paper documents from the partner competent authority before submitting these with the customs declaration, the relevant data is shared between TRACES and the national customs IT system through DG TAXUD's IT system. This allows the two tasks to be carried

[93] These are the CVED-A (Common Veterinary Entry Document Animals), CVEDP (Common Veterinary Entry Document Products) and CED (Common Entry Document).

out separately or in parallel. This saves time and, by digitising processes, reduces administrative burdens and increases traceability. It is also

- **Partner competent authorities**: get a better overview of the use of the supporting documents within the goods clearance process and can coordinate better with customs officers. Increased use of digital supporting documents also reduces the scope for fraud and human error.

The box below provides more detail on the **scope of the EU SW-CVED pilot and EU CSW-CERTEX** in terms of participating countries and gradual expansion to cover more regulatory requirements in areas such as food, environmental protection, climate and dual use. More functionalities are also being added over time.[94]

Box 15: Scope of EU CSW-CERTEX

Supporting documents covered by the **EU SW-CVED pilot** (2015-2016):

- CED (Common Entry Document) for imports of feed and food of non-animal origin
- CVED-A (Common Veterinary Entry Document Animals) for imports of animals
- CVED-P (Common Veterinary Entry Document Products) for imports of products with animal origin

Supporting documents covered by **EU CSW-CERTEX** (2019):

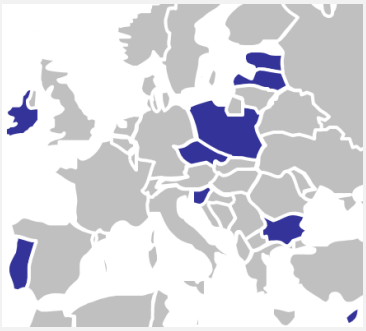
- CHED-PP (Common Health Entry Document for Plant Protection) for wood, fruits and vegetables
- FLEGT (Forest Law Enforcement, Government and Trade) for imports of timber
- COI (Certificate of Organic Inspection) for imports of organic products

Later expansion will include more supporting documents: Ozone-Depleting Substances (ODS) and F-GAS licences, and dual use export licenses of DG TRADE, as well as other areas of cross-border operations regulated by EU law, including non-food product safety and compliance. Doing this will require connections between EU CSW-CERTEX and EU systems beyond TRACES.

In addition, Regulation (EU) 2019/1020 of the European Parliament and of the Council on market surveillance and compliance of products, which intends to upgrade compliance and enforcement rules for products covered by EU legislation, provides for linkages and data transfer between national customs systems and the EU information database for market surveillance (ICSMS) through the EU Single Window environment for customs. The electronic interface should be in place within four years following the adoption of the required implementing legislation. It will initially be developed in the context of EU CSW-CERTEX.

Geographical coverage:

1. Bulgaria (2015)
2. Latvia (2015)
3. Slovenia (2015)
4. Ireland (2015)
5. Czech Republic (2015)
6. Cyprus (2016)
7. Poland (2016)
8. Estonia (2017)
9. Portugal (2019)



France is planning to join EU CSW-CERTEX and is making the necessary technical arrangements. Belgium has also decided to join EU CSW-CERTEX and has started taking steps in terms of IT developments. Other Member States have signalled a desire to join.

[94] For example, a quantity management function is being added to verify the validity of certain supporting documents that can be applied to multiple consignments, but for a pre-defined quantity of the goods in question. This should make it quicker and easier for customs and partner authorities to figure out how much of such quantities have been consumed, even for transactions involving multiple Member States.

Gauging the baseline scenario, and future behaviour in the absence of new EU action is difficult, because Member State administrations and trade associations have built-in expectations about the future of EU CSW-CERTEX.

Based on feedback gathered and the evaluation of th e CVED pilot and EU CSW-CERTEX, we found there is evidence of a built-in expectation that EU CSW-CERTEX will eventually reach its logical conclusion: becoming obligatory. The alternative, that it remains voluntary, while possible, is considered less likely because it prevents the full realisation of certain benefits. EU quantity management, which is one of the key potential benefits of EU CSW-CERTEX, would only be possible if every Member State is involved in the project because it means sharing information in real time about actual volumes imported / exported at the EU level. Leaving participation as voluntary means the investments necessary to enable these benefits and functionalities would be void should even one Member State be unwilling to join.

Indeed, in many cases the decision to participate has been motivated by such long-term expectations and related hopes for enhanced functionalities, such as national and EU quantity management. Without these, stakeholders have indicated that the willingness to invest the political and financial resources needed for continued expansion would diminish.

An additional issue relates to the regulatory and legal framework: since the regulations in question fall under the responsibility of partner competent authorities, it was not possible to build the functionalities for EU-wide quantity management into the customs legal base, (i.e. the Union Customs Code) For this reason, without new legislative measures to enable both mandatory participation and the necessary exchanges of information between customs and partner competent authorities that would enable EU-wide quantity management, the future benefits would be limited. Moreover, as reported universally by Member States, this would discourage additional Member States to from joining the project, meaning participation would likely stop growing.

Similarly, with fewer Member States likely to participate and an uncertain future, it can be assumed that the regulatory requirements to be included would be limited to those where agreements between DG TAXUD and other Directorates-General have already been made. These include the CHED family of certificates (which will replace CVED in December 2019), COI, FLEGT, ODS and FGAS. These assumptions inform the ensuing analysis.

National Single Windows

Member States currently range from no discussions about a Single Window at all, to having a fully implemented Single Window environment.[95] They are spread along the scale, although there is a slightly higher number of Member States being in the preliminary stages.[96] This was illustrated through the field visits in eight Member States:

- The Czech Republic, France and Italy have a national Single Window environment that involves G2G collaboration for several supporting documents. France's Single Window environment is expanding.

[95] The 19 Member States in the Project Group were asked to complete a questionnaire outlining their national situation, plans, and preferences. This homework assignment highlighted the diversity among the Member States in terms of how far they have come in implementing a national customs Single Window environment.

[96] We also note that when the Customs 2020 Project Group to study a possible framework to develop a SW environment for customs including the legal context was formally launched in December 2016, Member States were asked to complete a questionnaire (30 questions) on their existing SW facilities/initiatives, including future development plans and expectations in Member States. However, since this information is outdated and inconsistent with the responses provided to the recent homework questionnaire, the results are not reported on here.

- Spain has a national Single Window environment that involves G2G collaboration between customs and multiple partner competent authorities and is working on a Single Entry Point for trade.
- The Netherlands does not have a Single Window environment for customs but has single window environments for maritime and air transport. Nonetheless, the long-term objective for the Netherlands is to have one overarching Single Window environment for trade. Developments are ongoing.
- Germany, Ireland and Romania do not have a national Single Window environment for the moment. There is nonetheless a certain degree of coordination with some competent authorities (for dual-use goods in Germany, through participation in EU CSW-CERTEX in Ireland, and for CVEDs in Romania). In Germany, supporting documents only amount to around 1% of import declarations and less for exports, and are therefore not a priority either. As a Member State accounting for less than 3% of EU trade, Ireland prefers to make use of what is developed at EU level, rather than building bespoke national solutions. Romania's external trade being limited, addressing the problem linked to customs clearance without EU support is not a priority.

Based on the experiences to date and information regarding expected developments outlined about, national Single Window initiatives in a growing number of Member States would be likely to continue in parallel with EU CSW-CERTEX.

Analysis of likely evolution of the baseline scenario

The problem of insufficiently coordinated and not efficient enough good clearance process is not expected to go away in the foreseeable future if no action is taken.

The lack of interoperability would continue under the baseline scenario as Member States would continue to have competent partner authorities with differing levels of digitisation and make use of different data requirements for submission of information.

The pattern whereby national initiatives are characterised by different modalities, with little interoperability or consistency between them, would continue or potentially worsen without a common definition of key elements. EU CSW-CERTEX provides only a partial solution in the case of a limited number of EU regulatory requirements. While this remains voluntary and does not cover all EU (nor national) requirements, it cannot drive full alignment in all Member States.

The problem of duplication of information and procedural redundancies would persist also with the evidence to date showing that authorities at EU and national level do not typically or traditionally have sufficiently aligned political incentives or the necessary detailed understanding of the different and complex legal requirements for border management to coordinate. When these natural barriers are combined with a lack of resource, the likelihood of change is especially unlikely to occur except in exceptional cases where there is a lot of political will or clear leadership.

In turn these problems mean the inefficient use of financial and human resources is not expected to improve significantly. Clearance times can be improved by isolated initiatives at national level but without concerted action at the EU, no drastic changes in clearance times would be possible in most Member States. Likewise, this means the human and financial resources which are required to meet the requirements for border formalities, would continue to be used at the expense of more efficient technical solutions.

There are no indications that the current state of play regarding the application of rules in the EU single market would improve significantly. The risk of fraud would continue, as would the inability to conduct real time EU-level quantity management. The differences in how regulations are applied (and the lack of transparency) mean the potential for distortion

of competition as economic operators or Member States exploit differences for commercial gain. With no suggestion that the level of regulatory complexity is likely to diminish (indeed, if anything, the opposite trend is observed), the level of non-compliance related to lack of regulatory knowledge or comprehension, would also continue to be a risk.

5. WHY SHOULD THE EU ACT?

The foregoing section describes regulatory and political fragmentation in the management of goods clearance processes, particularly for goods subject to non-customs EU regulatory requirements. This leads to problems of insufficient coordination between customs and the authorities in charge of these requirements, within and between countries. The ultimate consequences are inefficient processes (both for authorities at different levels and economic operators) and the ineffective application of EU rules.

The issues at stake concern not only the Customs Union, but also the internal market with regard to the EU legislation that regulations certain goods (e.g. in animal and plant health, food safety, environmental protection etc.). This section presents the legal base for EU action to address these problems, justifies such action on the basis on the subsidiarity principle, and explains its coherence with EU policies and goals.

Legal basis. The legal basis for the EU to act is provided by the Treaty on the Functioning of the European Union[97], specifically articles 33 and 114. This gives the European Parliament and the Council the right to take measures in order to strengthen customs cooperation between Member States and between the latter and the Commission; and to adopt measures for the approximation of laws in the Member States which have as their objective the establishment and functioning of the internal market.

Subsidiarity. The identified problems are inherently transnational, involving the movement of goods across borders and EU-wide effects of any error and fraud taking place in individual Member States. The EU, given its responsibility for the Customs Union and for the non-customs regulatory requirements in question, is well-placed to address the problems by coordinating action, reducing fragmentation and generating economies of scale.

Moreover, existing and expected action at different levels has been shown to be inadequate on its own. The following points explain this for each of the three types of existing and expected action, namely the gradual digitisation and modernisation of processes related to the clearance of certain goods; the development of customs single windows at national level; and continued operation of EU CSW-CERTEX.

- Gradual digitisation and modernisation of the processes for certain goods: over time, as relevant EU non-customs legislation is reviewed and modernised, paper documents are likely to be replaced by electronic versions, which are typically easier to manage and verify. This is likely to generate some positive effects, both in terms of efficiency and the correct application of EU rules. However, due to the continued lack of interoperability and diverse business processes, this would not make it easier for economic operators, partner competent authorities and customs authorities to share information. The problem could even get worse, or force actors to resort to the exchange of paper documents, if the systems and processes are changed in divergent ways, since customs authorities could not be expected to develop links with all of them. Without a coordinated approach, it is also likely that developments would proceed at an uneven pace, with the current paper-based processes remaining in use for some regulatory requirements for the foreseeable future. Finally, any such issues would be exacerbated for the substantial proportion of goods movements involving more than one Member State (e.g. goods presenting at the border of one Member State, but cleared in another), since customs authorities could not be expected to make the investments needed to align with the different partner competent authorities in other countries.

[97] Treaty on European Union and the Treaty on the Functioning of the European Union, Official Journal C 326, 26/10/2012 P. 0001 – 0390.

- Development of national customs single windows: several Member States, such as France, Italy and Spain, have made significant progress in implementing national customs single windows. In the countries concerned, these initiatives have led to corresponding progress in addressing the identified problems. However, these initiatives are characterised by several issues which suggest that the benefits would be limited. First, according to feedback from project group members, the necessary resources are unavailable in most Member States. Second, a major shortcoming of the current patchwork arrangements is the lack of EU-wide quantity management. This would be unachievable under national customs single windows, even if they became widespread. Third, the scope of national customs single windows varies and usually only includes a few non-customs regulatory requirements, leaving the majority of problems unaddressed. Fourth, the development of national customs single windows would bind individual Member States to their chosen solutions, making any later decision to improve coordination and interoperability more difficult to realise.

- Continued operation of EU CSW-CERTEX: in the absence of a new initiative, some Member States would continue to participate in EU CSW-CERTEX on a voluntary basis. For the countries concerned, this would allow some of the identified problems to be addressed to a certain extent, especially as procedural redundancies (e.g. the continued need for paper documents to accompany electronic versions) are reduced. However, the project's desired benefits in terms of efficiency gains, enforcement and reduction of fraud and errors cannot be realised without EU-wide quantity management, which is only possible if all Member States participate. Given that many Member States have signalled their willingness to join only if participation is made obligatory, this is unlikely. Indeed, the current levels of participation have been achieved in anticipation of the imminent introduction of an obligatory version. Without this prospect, participation would stagnate or decline. This would also make it difficult to justify the investment needed at EU level to further expand the scope of the initiative to cover more regulatory requirements.

Policy coherence. The EU role in addressing the identified problems is also consistent with EU policies and goals. At the high level, an EU Single Window environment for customs would follow the objectives of the EU eGovernment Action Plan 2016-2020, which seeks to increase the efficiency of public services by removing existing digital barriers, reducing administrative burdens and improving the quality of interactions between national administrations.[98] In the area of customs, Article 4, paragraph 6 of the e-Customs Decision (Decision No 70/2008/EC) calls on the Member States and Commission to "endeavour to establish and make operational a framework of single window services". The 2014 Venice Declaration follows this by referring to a progressive action plan to implement an EU Single Window environment for customs and to establish a legal framework for its development. In addition, the 2016 Communication on "Developing the EU Customs Union and Governance" announced the Commission's plans to find a workable solution for the development and creation of an EU Single Window environment for customs.[99] This is echoed in the 2018 Biennial Report on the Progress in Developing the EU Customs Union, which identified the EU Single Window environment for customs as a priority area.
Since the scope of a potential EU Single Window environment for customs extends beyond the field of customs, its establishment is not mandated by the Union Customs Code (UCC). However, it is consistent with the UCC's aim to put in place a modern and electronic customs environment and to encourage the use of modern tools and technology to promote the uniform application of customs legislation and modernised approaches to customs control. It also complements the extensive e-customs projects detailed in the UCC Work Programme, and is referenced in fiche 1.13 of the Multi-Annual Strategic Plan Customs,

[98] COM/2016/0179 final
[99] COM (2016) 813 final

which ensures the operational planning and implementation timeline of all e-Customs IT projects.[100]

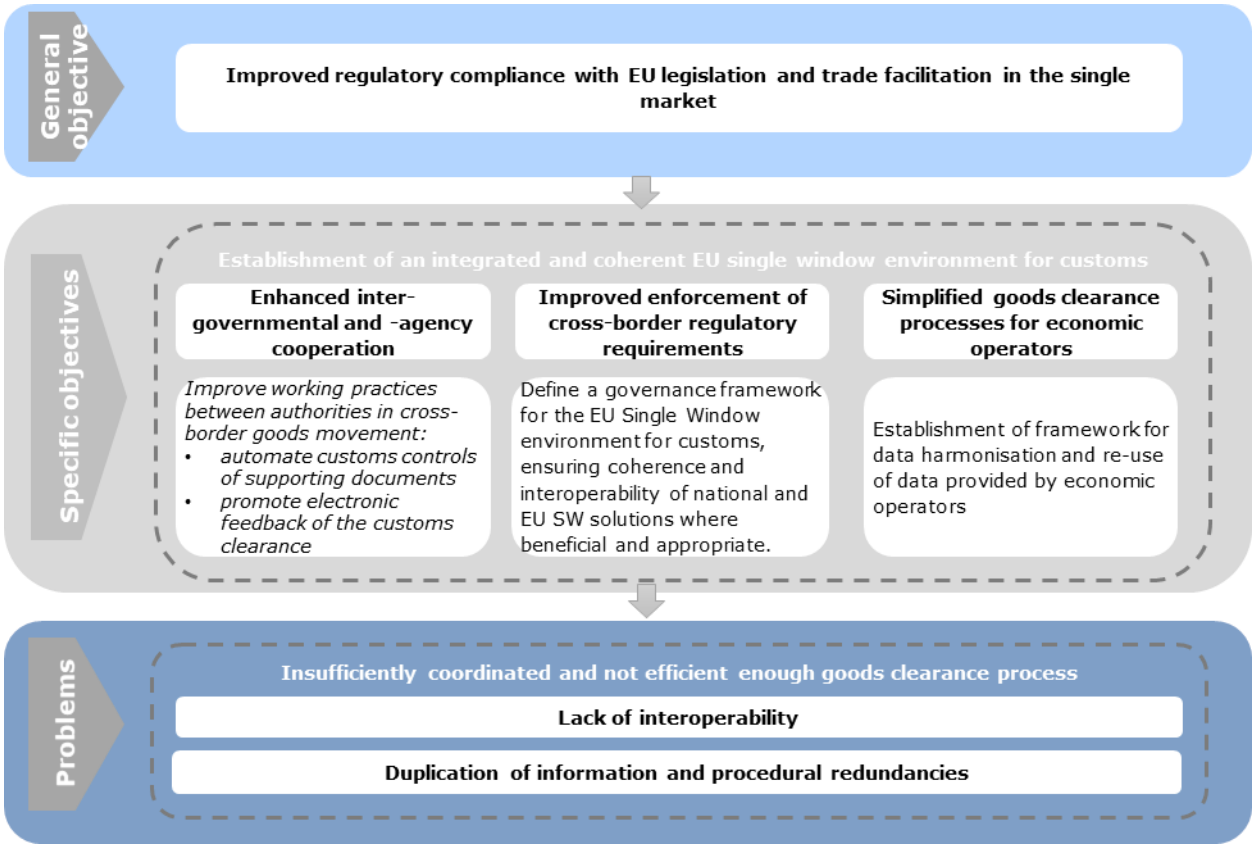
Stakeholder consultation. The extensive stakeholder consultation done for this impact assessment and the related support study showed broad agreement about the existence and seriousness of the problems, as well as the need for EU action to address them. Stakeholders consulted include Member State customs authorities (most of which have been deeply involved in policy development through the project group), partner competent authorities (whose views have been sought by project group members as well as through field visits and public consultation) and different types of economic operators, from whom feedback gathered through consultation in the project group, over 50 interviews and 264 responses to the public consultation.

[100] Commission Implementing Decision (EU) 2016/578 of 11 April 2016 establishing the Work Programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code, OJ L 99, 15.4.2016, p. 6–20.

6. WHAT SHOULD BE ACHIEVED?

An impact assessment must clearly identify the objectives for policy action, for the purpose of establishing a logical chain between identified problems, the aims of the new initiative and solutions considered. The figure below presents the objectives as discussed and agreed in the project group, and refined by the study team.

Figure 6: Policy objectives



7. WHAT ARE THE VARIOUS OPTIONS TO ACHIEVE THE OBJECTIVES?

This section presents the policy options that have been defined to achieve the objectives. A first section introduces and describes the options. This is followed by a screening section, which explains and justifies which options have been retained for in-depth analysis. A last section offers a brief examination of the options that have not been retained, in terms of stakeholder views and the likely economic, social and environmental impacts that could be expected if they were implemented.

7.1. Description of the policy options

In addition to the baseline scenario, a set of eight policy options were defined in a paper developed in collaboration with the project group. The options cover a range of potential actions to develop an EU Single Window environment for customs and achieve the objectives described in the foregoing chapter, and include:

- Options proposed by stakeholders, since Member State authorities and trade associations have played an integral role in the options development process;
- Options of changing nothing or improving existing legislation
- Options taking into account new technological developments; and
- Options with different policy approaches and instruments and differing levels of scope (including 'think small first').

The options do not form a list from which a single option could be chosen, but rather fall into three broad categories. A future policy choice could comprise a **selection of option(s) from each category**.

- Category I (options 1-4): options for government-to-government, back-end cooperation that would focus primarily on making it easier for customs and partner competent authorities to share information.
- Category II (options 5-7): options for business-to-government, front-end cooperation aimed at improving economic operators' interactions with customs and partner competent authorities.
- Category III (option 8): this is a cross-cutting option aimed at streamlining the way customs and partner competent authorities deal with information on economic operators.

The ensuing sub-sections describe the key features of the different categories and specific options. For options 1, 2 and 6, based on data provided by the Member States, it has also been possible to estimate coverage in terms of the number of customs declarations affected per year (see detailed explanation in section 8.2.1, and Annex E for tables with detailed estimates at the level of specific regulatory requirements). Such estimates have not been possible for the other policy options due to the limited information on the regulatory requirements covered.

7.1.1. Category I options

Options 1-4 are about government-to-government (G2G), back-end cooperation, and focus on aligning the electronic systems used to enable the verification of compliance with requirements on the cross-border movement of goods. This should lead to better communication between the authorities involved (both within and across countries), allowing easier / automatic validation of compliance and (where applicable) quantity

management.[101] This should in turn reduce administrative burdens for authorities and economic operators as well as improving implementation of the requirements in question.

Each option covers a different category of non-customs regulatory requirements for which electronic data could be exchanged between partner competent authorities and the customs authority where the customs declaration related to the goods in question is lodged. Since different categories of regulatory requirements have different systems and arrangements for receiving, processing and storing information, the (legal, technical and practical) solutions needed to include any of them in a future policy choice would also differ. Even within options, multiple implementation choices could be envisaged.

These options are not mutually exclusive, but rather could be combined as a part of a package. As explained below, since all options would rely on EU CSW-CERTEX to exchange information between customs and partner competent authorities, any policy choice other than the baseline would by definition need to include option 1. Thus, a future policy choice could consist of just option 1, or any combination of option 1 and options 2 to 4.

Table 8: Description of Category I options

Option	Categories of regulatory requirements	Key features
Option 0 (baseline)	EU regulatory requirements managed through EU electronic systems Coverage: CHED-A, CHED-P, CHED-D, CHED-PP, FLEGT, COI	No new action, but rather continuation and gradual expansion of the existing (voluntary) EU CSW-CERTEX programme.
Option 1	EU regulatory requirements managed through EU electronic systems; and regulatory requirements covered through a combination of EU and national systems, but where information required by customs, for all Member States, is available through the EU system.[102] Coverage: CHED-A, CHED-P, CHED-PP, CHED-D, FLEGT, Catch certificate, Waste, COI, ODS, Cultural goods, FGAS, PIC	Puts in place a legal framework for uniform and obligatory use of the EU CSW-CERTEX system for all Member States to exchange information between the national customs systems and the EU electronic systems managing EU regulatory requirements. Estimated number of declarations affected per year: 4.1m (54% of declarations subject to relevant EU requirements)
Option 2	EU regulatory requirements managed through national electronic systems or a hybrid of EU and national systems (i.e. where use of an EU electronic system is optional for Member States) Coverage: Certificate of conformity, AGRIM/AGREX, CITES, Drugs Precursors, Trade Surveillance Document, Dual Use Export	Puts in place a legal framework for making relevant national electronic systems interoperable. This would grant national customs systems access to relevant information stored both in their own and other Member States' systems. Technical solutions could either be centralised (i.e. by using EU CSW-CERTEX to connect customs authorities to the electronic systems of partner competent authorities; by using EU CSW-CERTEX to access information in relevant national electronic systems through customs systems), or de-centralised (i.e. through national

[101] Certain regulatory requirements involve supporting documents that are valid for a certain amount of a given product. Quantity management is the means to verify that this amount has not been exhausted before allowing goods to be released.

[102] For example, while formalities related to the Waste Shipment Regulation are primarily managed at national level, the Commission has mandated a harmonised and interoperable Electronic Data Exchange that will make the customs-relevant information available at EU level.

		systems communicating with each other). Estimated number of declarations affected per year: 2.7m (35% of declarations subject to relevant EU requirements)
Option 3[103]	National regulatory requirements managed through national systems Coverage: highly diverse, including e.g. certificates for works of art to VAT authorisations	Puts in place a legal framework for national customs administrations to access information from the national systems of other Member States. Technical solutions could either be centralised (i.e. routing information through EU CSW-CERTEX) or decentralised (i.e. through national systems communicating with each other).
Option 4	EU regulatory requirements which require third-country documents to be presented to customs authorities or for which there is no EU or national system Coverage: highly diverse, including e.g. Certificate of Origin, VI 1 document for wine imports, Kimberley process certificate for diamond imports	Puts in place a legal framework that would allow customs authorities to electronically verify compliance with regulatory requirements despite lack of EU or national systems. Potential technical solutions could include advanced technology such as blockchain.

7.1.2. Category II options

Options 5-7 are about business-to-government (B2G), front-end cooperation that focus on different ways of streamlining reporting processes for economic operators when dealing with the regulatory requirements mentioned above. These options are mutually exclusive, meaning only one of them could form part of a future policy choice. A continuation of the baseline scenario would mean no EU action at the front end, though individual Member States may pursue related initiatives at national level. The table below gives more detail about each of the B2G options.

Table 9: Description of Category II options

B2G front-end solutions	
Option 0 (baseline)	**No EU action**, though individual Member States may pursue related initiatives at national level.
Option 5	**Common management portal:** Puts in place a legal framework to give economic operators a harmonised interface for interacting with the various electronic systems used to deal with the (non-customs) EU regulatory requirements of partner competent authorities. This would give economic operators a common portal for lodging various types of information regardless of the Member State(s) involved. However, customs declarations would still need to be lodged separately through the customs systems of individual Member States, i.e. there would not be a single entry point for economic operators. In terms of scope, this option could either cover only regulatory requirements of partner competent authorities for which relevant information is stored in EU systems, or a hybrid of EU and national systems. Individual Member States could

[103] This option would only be applicable if centralised clearance (key practical aspects of which are still under discussion at the time of writing) is implemented in such a way that the customs authority of the Member States where the declaration is lodged would need to verify compliance with each national regulatory requirements of the Member State where the goods are presented.

	also facilitate access between the portal and national systems in order to expand its scope. Technical solutions for implementing this option would make use of the provisions of the eIDAS Regulation, which facilitates the use of national electronic identification systems across borders, as well the Commission's UUM&DS authentication system.
Option 6	**Interoperable national Customs Single Windows:** Puts in place harmonised measures for the Member States to set up customs single windows at national level, providing economic operators with harmonised single entry points to fulfil all customs and other regulatory requirements. It is expected that under this option, national customs authorities would act as a hub for receiving relevant information from economic operators on behalf of partner competent authorities, as part of the pre-declaration process. Depending on which of options 1-4 this option is combined with, the result would allow for a degree of interoperability and process integration between Member States. The option could be made obligatory by requiring the Member States to implement national single windows by a certain date, or it could be made voluntary by allowing Member States to choose when (or if) to put national single windows in place. It is envisaged that the scope of this option would cover CHED-PP, CHED-P, CHED-D, Certificate of Conformity, Catch Certificate, COI, CHED-A, FLEGT, ODS, Cultural goods and Trade Surveillance Document. This would affect an estimated 4.8m customs declarations per year.
Option 7	**Single EU Customs Single Window trader portal**: Calls for the development of a single trader portal for EU Customs Single Window environment where economic operators would submit both customs declarations and all other data needed to fulfil other regulatory requirements. In other words, this option would introduce a single entry point at EU level for all border formalities. The portal would then distribute the information among customs and partner competent authorities in the Member States as needed to verify compliance. Technical solutions could build on existing initiatives and projects (such as the harmonised trader interface being developed as part of the Union Customs Code Work Programme).

7.1.3. Category III options

The third category of options is cross-cutting and introduces the possibility of establishing a more efficient and harmonised approach to trader identification across the different authorities involved in goods clearance. The status quo would see continued use of different systems by different authorities. In contrast, option 8 would extend the use of the Economic Operator Registration and Identification system (EORI)[104] to partner competent authorities. Option 8 could not be implemented on its own, as it does not address important aspects of the policy objectives, but could be coupled with any other set of options from categories I and II in order to form a coherent package.

[104] EORI is a database managed by DG TAXUD that assigns all economic operators engaging in customs operations with a unique number (the EORI number) that is used as an identifier for all dealings with customs authorities in the EU.

Table 10: Description of Category III options

B2G front-end solutions	
Option 0 (baseline)	**No EU action**, meaning that customs and partner competent authorities would continue to use their own methods and systems for identifying and managing traders.
Option 8	**Expansion of EORI to facilitate the exchange of information between authorities**: to facilitate collaboration between the different authorities involved in border management, reduce the administrative burden on economic operators and facilitate the implementation of whichever policy options are chosen, EORI would be opened up for use by partner competent authorities. This could entail use by partner competent authorities for both registration and validation; or just validation. Since option 8 would necessarily be coupled with other options, it would apply to the regulatory requirements covered therein.

7.2. Screening

As per the Better Regulation Toolbox (see Tool #17), the options have been screened to focus the analysis on the most viable ones. The screening exercise was carried out based on evidence made available by DG TAXUD and other DGs and collected from stakeholders in the project group, using criteria for feasibility (legal, technical and political), effectiveness and proportionality. The results are presented in the table below, with a preliminary judgement and explanation provided for each option and criterion. The last column states (again for each option) whether an in-depth analysis or a limited analysis would be appropriate.

Table 11: Screening of the policy options

	Legally feasible	Technically feasible	Politically feasible	Likely to be effective	Proportionate	Level of analysis
Category I: G2G options						
Option 1	Yes; the regulatory requirements within the scope of this option fall under EU law and are already / expected to be handled using EU electronic systems.	Yes; the viability has been tested through the EU SW-CVED pilot and EU CSW-CERTEX.	Yes; stakeholder feedback collected in the project group and High-Level Seminar showed strong support among key stakeholders including Member State authorities and economic operators.	Yes; results of the EU SW-CVED pilot and initiatives similar to this option at national level indicate that significant benefits could be expected in terms of all the policy objectives as defined.	Yes; while substantial benefits would be expected, this option uses fairly low-cost DG TAXUD middleware in order to link existing/planned EU electronic systems. Evidence from the EU-SW CVED pilot also shows just limited costs for the MS, while economic operators would incur hardly any costs at all.	In depth analysis; this option is highly feasible and likely to be effective and proportionate.
Option 2	Yes; the regulatory requirements within the scope of this option fall under EU law. However, since some of the relevant regulatory requirements (e.g. AGRIM / AGREX) still allow paper documents, implementation may depend on changes to make the use of electronic systems mandatory.	Yes, partly; technical feasibility has been investigated through the project group, the centralised approach of using EU CSW-CERTEX to facilitate access to information in relevant national electronic systems was technically feasible. However, the Member States rejected the decentralised	Unclear without further investigation; feedback collected in the project group and High-Level Seminar showed only lukewarm support.	Unclear without further investigation; since full participation will depend on major MS-level investment, benefits from key functions that depend on this from key functions (e.g. quantity management) will take at least several years to materialise.	Unclear without further investigation; the costs to the Member States could be substantial and would need to be compared to the likely benefits.	In depth analysis of the centralised approach; while this option is feasible and potentially effective, key aspects concerning the viability of this option are unclear subject to further investigation.

	Legally feasible	Technically feasible	Politically feasible	Likely to be effective	Proportionate	Level of analysis
		approach as unfeasible.				
Option 3	Yes; while this option relates to national regulatory requirements, when centralised clearance is implemented the relevant processes will fall under the provisions of the UCC.	No; linking the systems for the wide spectrum of national regulatory requirements concerned is unlikely to be possible using the EU CSW-CERTEX system.	No; stakeholder feedback collected in the project group showed very low support for this option.	No; preliminary research indicates the number of goods movements involved would be relatively small, strictly limiting the potential benefits.	No; the major investments needed at national level to link each of the many relevant electronic systems to EU CSW-CERTEX would outweigh the benefits that would be realised for a small number of goods movements.	Limited; given that this option is neither feasible nor likely to be effective, it does not make sense to investigate it in depth.
Option 4	No; implementing this option would require changes to third-country systems that would depend on bilateral or multilateral agreements on a case-by-case and country-by-country basis.	Unclear without further investigation; the feasibility for linking various systems would have to be investigated individually in order to form a judgement.	No; stakeholder feedback collected in the project group showed very low support for this option.	No; preliminary stakeholder feedback suggests that the goods movements involved are not a major cause of the identified problems.	No; despite the limited benefits, the costs to link EU, MS and third country systems are likely to be substantial.	Limited; given that this option is not legally feasible and is unlikely to be effective in addressing the identified problems, it does not make sense to investigate it in depth.
Category II: B2G options						
Option 5	Yes; the scope of this option is limited to EU regulatory requirements.	Yes; preliminary research carried out for the policy options document shows that the technical developments for this option would be straightforward.	No; stakeholder feedback collected in the project group showed very low support for this option.	No; while this option would put in a place a common portal for economic operators to deal with key supporting documents, they would still have to deal with customs authorities separately, strongly limiting the gains for trade facilitation.	No; the costs to DG TAXUD to develop the portal and for partner competent authorities and economic operators would be substantial and out of proportion to the limited potential benefits.	Limited; the lack political support for this option and likely ineffectiveness mean it does not make sense to investigate it in depth.

	Legally feasible	Technically feasible	Politically feasible	Likely to be effective	Proportionate	Level of analysis
Option 6	Yes; the scope of this option is limited to EU regulatory requirements.	Yes; this option leaves key aspects to be defined according to national prerogatives, increasing its feasibility. Pilots in several MS on a selection of regulatory requirements also show that the necessary changes to the systems and trader interfaces can be developed.	Yes; stakeholder feedback collected in the project group showed strong support for this option, provided that it is implemented on a voluntary basis.	Yes, partly; pilots in several MS show that this option is likely to generate substantial benefits for traders. However, the case study fieldwork and interactions with project group members indicated that a large proportion of MS would be unlikely to implement this option if participation was voluntary, meaning that it would only be effective in obligatory form.	Unclear without further investigation; this option would entail considerable development and implementation costs for the Commission and MS authorities. Further data is needed to estimate these and compare them with the likely benefits.	In-depth analysis of the obligatory version of this option; preliminary evidence shows that this is feasible and likely to be effective, showing its viability and meriting in-depth investigation.
Option 7	Yes; this option falls under the EU competence for the Customs Union and internal market as defined in Articles 33 and 114 of the Treaty. However, it would require wholesale changes to the approach for implementing the provisions of the UCC.	Yes; similar projects in other countries, such as the United States, show that with sufficient political will and resources this option could be implemented.	No; stakeholder feedback collected in the project group showed that support for this option is very limited. This is due both to its incompatibility with current implementation of UCC provisions (particularly regarding the continued use of national customs systems, which under this option would be replaced by a single system)	Yes; the experience of the US shows that this option could have major benefits in terms of increased efficiency of goods clearance and improved compliance / reduced fraud and errors.	Unclear without further investigation; the costs to the Commission, MS and economic operators would be substantial and difficult to ascertain without in-depth analysis.	Limited; the lack of political support for this option and incompatibility with existing EU customs policy means that is not viable.

	Legally feasible	Technically feasible	Politically feasible	Likely to be effective	Proportionate	Level of analysis
			and vast investments that would be required.			
Category III: Cross-cutting option						
Option 8	Yes, partly; given that arrangements for registering and identifying economic operators are defined in sectoral legislation, under the scope of the initiative it would only be possible to pursue the version of this option focused on opening EORI for validation purposes.	Yes; according to DG TAXUD, the technical implementation of the validation element of this option is straightforward. Registration and identification aspects would be more complex but are also judged as technically feasible.	Yes, partly; stakeholder feedback collected in the project group showed strong support for the version of this option concerned only with validation, while support was limited for the registration and identification elements.	Yes; preliminary evidence based on a pilot in one country and stakeholder feedback indicates this option would make it much easier to collect and share information on economic operators, since existing systems for managing economic operators are disparate and not interoperable.	Yes; preliminary evidence indicates that the likely costs would be low compared to the benefits.	In depth analysis of the validation-only version of this option; preliminary evidence indicates that this provides a feasible and practical way to facilitate the implementation of the other policy options.

Source: Survey of Member States and trade associations participating in the project group and additional discussions with Member State customs authorities and Commission officials.

7.3. Assessment of unviable options 3, 4, 5 and 7

The screening exercise described in the foregoing section determined that four options were unviable to a lack of feasibility, likely effectiveness and / or proportionality. These options are thus not analysed in depth. However, the table below provides a brief overview of the benefits that could be expected if these obstacles were to be overcome.

Table 12: Assessment of policy options 3, 4, 5 and 7

	Overview	Stakeholder views	Economic impacts	Social and environmental impacts
Category I: G2G options				
Option 3	This option is similar to option 2, but it concerns national rather than EU regulatory requirements. Data from a limited number of Member States suggests these could cover dozens of regulations in each country across a wide range of policy areas.	National customs authorities have expressed largely negative views towards this policy option. This is due to its uncertain scope and the unfeasibility (or potentially huge expense) of making the necessary connections between a large number of electronic systems and EU CSW-CERTEX.	While the nature of the benefits would be similar to those described for option 1, these would be limited, since only goods subject to national requirements in one Member State, but dealing with customs in another, would be affected. The likely costs would be very high in light of the many connections needed.	If implemented, the social and environmental benefits would be similar in nature to those described for option 1. However, their scale would be limited because only a relatively small number of customs declarations is likely to be affected.
Option 4	This option would cover EU regulatory requirements for which third-country documents are required, such as the VI 1 document for wine imports. While a number of examples were identified, the volume of electronic systems or customs declarations that would be affected is unclear.	Given the uncertain scope and difficulties of technical implementation, national customs authorities have considered this option a low priority. There are also doubts about whether it is legally feasible, since it is unlikely that third-country authorities could be obliged to make the necessary connections.	For the customs declarations subject to the regulatory requirements covered, the benefits would be of a similar nature to those described for option 1. Since this is uncertain, the scale of the benefits is unknown. The costs are also hard to define, though a considerable proportion would be incurred by third-country authorities.	If implemented, the social and environmental benefits would be similar in nature to those described for option 1. However, their scale is impossible to gauge due to the unknown scope of the regulatory requirements to be covered.
Category II: B2G options				
Option 5	This option would set up an EU trader platform for dealing with the regulatory requirements covered under option 1.	Customs authorities and economic operators expressed negative views towards this option. This is mainly because, since economic operators would still need to deal with customs and partner	This option would entail considerable costs to develop and implement, mainly for the Commission but also for national and partner competent authorities. There would also be potential costs for economic operators	To a limited extent, this option could be expected to improve authorities' ability to share information and thus reduce errors and improve enforcement / compliance.

	Overview	Stakeholder views	Economic impacts	Social and environmental impacts
		competent authorities separately, clearance processes were seen as unlikely to be significantly improved.	needing to adjust to the new system. Some economic benefits could be realised, mainly for economic operators who could deal with multiple non-customs requirements using a single platform. However, it did not seem likely that these benefits would be large enough to justify the investment required.	However, expectations of such benefits among stakeholders were limited.
Option 7	This option would put in place a single platform for dealing with customs and non-customs formalities related to goods clearance across the whole EU. It would revolutionise the way goods clearance is handled in the EU, affecting millions of clearance operations and requiring major changes from stakeholders at all levels.	This was the preferred option of many economic operators, and also found considerable support among customs authorities. It was considered a 'single window' in the truest sense, and likeliest to have major benefits for all stakeholder types. However, the substantial regulatory changes and financial and political investments needed led most stakeholders to consider it unrealistic in the near term. Instead, stakeholders hoped it could be re-visited in the future, once some of the other options had been implemented.	While there are no directly comparable initiatives, on the DG TAXUD side it was estimated that costs similar to other major IT projects, such as ICS2, could be expected. Costs for other stakeholders would also be substantial given the major changes required. Indeed, the experience of the ACE (the United States Single Window) suggests that total costs would reach into the billions of EUR. However, ACE also shows that very significant benefits could be generated from time savings and increased trade, running into at least hundreds of millions of EUR per year once the system is fully operational.	The experience of United States shows that this option would enable customs and partner authorities to share information and collaborate much more effectively. This would enhance risk management, reduce errors and fraud and thereby improve compliance with and enforcement of a large number of regulatory requirements. While the scale of the benefits is unknown, these would affect many policy areas and generate significant social and environmental impacts.

8. WHAT ARE THE IMPACTS OF THE OPTIONS AND WHO WILL BE AFFECTED?

8.1. Introduction

If implemented, each of the policy options would be expected to have impacts on customs authorities, partner competent authorities, different types of economic operators and society as a whole. These relate to the general and specific objectives of the initiative, and can be grouped into two main categories:[105]

- Direct economic impacts are comprised of the one-off implementation and recurrent costs of the initiative, and savings from reduced amounts of labour and lower out-of-pocket costs (e.g. for delays, intermediaries, storage facilities etc.) needed to deal with goods clearance. For the most part, it is possible to monetise these impacts, to determine the net costs or benefits over time.
- Social and environmental impacts relate mainly to the effects from improved collaboration between authorities and better compliance and enforcement of the regulatory requirements in the scope of the initiative. Such impacts stem from reduced fraud and errors, as well as better risk management during goods clearance, and include a range of social (e.g. on public health and safety, and security) and environmental (e.g. on the climate, pollution, and animal welfare). Given the scarcity of quantitative data related to these aspects, they are examined mainly qualitatively.

This **chapter is structured in three main parts**. A first part describes the approach to the analysis, in terms of the issues to be investigated, sources of evidence and methods for estimating the impacts. A second part then applies this framework to assess the options 1, 2, 6 and 8, in terms of stakeholder views, direct economic impacts and social and environmental impacts. A third and final part expands on the analysis to examine the likely impacts of the different packages of options that would form an eventual policy choice.

8.2. Approach to the analysis of the options

8.2.1. Direct economic impacts

As mentioned above, the direct economic impacts are comprised of one-off implementation and recurrent costs, as well as savings from reductions to the labour and out-of-pocket expenses needed for customs authorities, partner competent authorities and economic operators to enforce EU legislation and deal with goods clearance. To the extent possible, the analysis seeks to quantify and monetise these impacts, with a view to determining their net costs or benefits over time.

The approach to the analysis took into account important challenges and constraints. Firstly, the situation is extremely complex. This is due in part to the need to consider over 30 regulatory requirements, all involving specific legislation, business processes and stakeholders. For example, while EU animal health legislation stipulates that live animals must always be inspected physically by a veterinarian on arrival at an EU port of entry, many food products are subject to documentary or physical controls based on risk-based analysis and provisions in EU legislation about the proportion of goods to be inspected. The automations and simplifications arising from the establishment of an EU customs single window would not necessarily affect in the same way or to same degree the processes for

[105] In principle, some further economic impacts would also be expected, as changes to the costs faced by different stakeholders reverberate on trade flows and the wider economy. However, for such impacts to be detected and measured, they would need to be very large, e.g. reductions of several days for goods clearance. The policy options under review are expected to generate important direct economic impacts, but to a degree that is too small to capture quantitatively.

actors dealing with different regulatory requirements. In addition, the timing for submission of documents, need for information from other actors (such as third-country authorities) and extensiveness of checks vary by type of good and regulatory requirement. Different goods also have different transportation and storage costs, and supply chains.

The complexity is also due to the diversity of the 28 Member States, whose authorities have different starting points, IT architecture, priorities and cost structures. For example, the cost of implementing a new connection between customs and an EU database differs substantially depending on the maturity of Member States' existing IT architecture, and whether they work with in-house IT providers or contract such tasks through public procurement.

Taken together, these two types of complexity make it very difficult to extrapolate based on examples of specific regulatory requirements and / or Member States. Moreover, while qualitative data on experiences and expectations is ample, quantitative data is scarce, and limited to a small proportion of Member States and relevant regulatory requirements. In many cases, due to political sensitivities stakeholders were often not permitted data on key issues such as the precise costs and amounts of time associated with dealing with given regulatory requirements.

To make quantitative estimates despite these challenges, the analysis relies on making plausible assumptions based on the available data and stakeholder feedback. Where possible (as with numbers of customs declarations subject to various regulatory requirements), this involves extrapolating from data covering some Member States. In other cases (as with time savings that could be expected from the introduction of a certain process improvement), qualitative data about business processes and experiences with the clearance of certain goods is used to come up with estimated ranges for the likely changes that could be expected.

The following paragraphs explain in more detail the nature of the types of direct impacts and the methods used to assess them for each of the different options.

One-off implementation and recurrent costs would be borne (to varying degrees, depending on the option in question) by the European Commission, national customs authorities, partner competent authorities and economic operators. Implementation costs include spending on IT hardware and software, process change management, training and support, and are expected to be phased across gradual implementation during a period of seven years. Afterwards, these will be replaced by recurrent costs, comprised of maintenance, periodic updates, continued support and day-to-day operations.

Cost estimates are derived from different sources depending on the actor involved. For costs to the European Commission, estimates are based on data provided by DG TAXUD. For each option, the figures used are explained and justified individually. For national customs and partner competent authorities, arriving at estimates is more difficult. Very few Member States provided hard data about IT and business costs, even among those participating in EU SW-CVED or with similar initiatives at national level. Mostly, this is because officials were not authorised to share cost figures, which were considered sensitive in the context of national budget discussions. Moreover, extrapolating from the Member States where some data is available is difficult because of differences in IT architecture and trade volumes. Estimates are thus based on the limited data available (e.g. from technical specifications), combined with the informed view of the study team's IT expert. The credibility of the figures was then verified with the Member State customs administrations taking part in the project group. To account for the high level of uncertainty, the costs are expressed in ranges based on high and low estimates of the likely costs.

For economic operators, based on the views of operators themselves (particularly those having adapted to EU SW-CVED and / or national single window initiatives) and customs

administrations, it is expected that additional costs would be negligible. It was explained that none of the options would require substantial new IT investments or burdensome changes to business process. The phased nature of implementation for all options would also ensure that any transition costs (e.g. adapting to a smaller need for resources to complete forms) would be minimal. Moreover, while it could be hypothesised that some economic operators (such as intermediaries) could face costs in terms of reduced demand for their services, interviewees from this group explained that the types of changes expected from the policy options would simply allow them to shift focus to new, more value-adding activities.

The **direct economic benefits would relate to reduced administrative burdens (as defined as costs due to information obligations)**. To estimate these, a variant of the standard cost model is used.[106] The model normally works by multiplying the number of information obligations[107] with the cost for different stakeholders of complying with them. Impacts are then calculated by comparing the total costs under the business-as-usual scenario (i.e. without new action) with costs with the new intervention in place. However, such a comparison is not possible in this case because sufficient data on the business-as-usual costs, specifically the amount of time needed from different stakeholders to deal with goods clearance for relevant regulatory requirements is not available.

Instead, the research has made possible estimates (based on feedback from national officials and economic operators) regarding the *amount of time saved* per administrative operation for different stakeholders under the different policy options. For each option, the model is then applied by multiplying the number of operations (i.e. the number of customs declarations requiring supporting documents to comply with certain non-customs regulatory requirements) with the amount of time saved; the latter is monetised using standard hourly labour costs. Each of these aspects is described in more detail below. While the assumptions made necessarily entail a high degree of simplification, they allow for the scale of the likely benefits to be gauged, at least as an order of magnitude.

- **Number of affected customs declarations**: the different policy options each cover a specific set of non-customs regulatory requirements. Customs declarations subject to one or more of these involve information obligations for customs authorities, partner competent authorities and economic operators. To understand the likely impact of the initiative, as a starting point it is thus important to know how many customs declarations would be affected. Since there are no EU-level registries on the number of customs declarations subject to the different regulatory requirements covered by each option, participants in the project group were asked to provide data for their Member States. The figures from the fifteen Member States able to provide data were then extrapolated based on trade statistics to cover the whole EU. This allows for reasonably accurate estimates of the number of affected declarations for each option (see details in Annex E). It should also be borne in mind that, rather than coming online instantaneously, any of the policy options that is implemented would be phased in gradually over a period of seven years, with full capacity reached from year eight onwards.
- **Time saved for each operation (in minutes)**: the most practically challenging aspect to quantify is the amount of time saved by different actors for each customs declaration affected. In part, this is because customs authorities were unable to share hard data on clearance times. It is also because the interviewed stakeholders could not say for certain how the options would affect their operations. Instead,

[106] The standard cost model is a method for assessing administrative costs imposed by a regulation on among other things businesses and public administrations. It is based on the identification of information obligations (for the purpose of this study referred to as 'administrative operations'), whose costs for the regulatory addressees can be measured and quantified.
[107] Information obligations can be defined as specific legal duties to gather, process or submit information to a public authority or third party.

for each policy options, estimates are made based on assumptions that rely on feedback from national officials and economic operators about how (1) clearance processes changed after the implementation of EU SW-CVED and relevant national single window initiatives, and (2) the specific policy options would be likely to affect operations. For option 6, the B2G use cases carried out by several Member States on a limited set of regulatory requirements are also considered. Since there is a high degree of uncertainty in the estimates, these are framed in terms of a range of values for the plausible time savings.

- **Labour costs (in EUR)**: the time saved for different actors can be monetised by approximating a standard labour cost. Estimated hourly costs for staff of national authorities and economic operators involved in the trade of relevant goods are made based on figures published by the Eurostat and the OECD. More in details, Eurostat data on average yearly salaries in public administration in the EU (adjusted to take account of overheads, social security contributions, etc., then weighted towards the Member States responsible for larger amounts of affected clearance operations) can be divided by OECD data on average hours worked per year in the EU Member States to arrive at an average hourly cost. This leads to a figure of about EUR 24 per hour of labour, i.e. EUR 38 780 divided by 1623 hours.

Based on the different estimates for costs and benefits, the findings are then **compared using cost-benefit analysis** to determine the likely net impact of each policy option. The **estimates are also supplemented with qualitative evidence**. This helps substantiate the findings with illustrative examples, explain why certain impacts can be expected and highlight potential exceptions.

8.2.2. Social and environmental impacts

Part of the rationale for the initiative is also to generate the positive social and environmental impacts that would result from better compliance and enforcement of the EU regulatory requirements. The scope of the impacts depends on the coverage of the different policy options, which variously touch on a wide range of policy areas including animal and plant health, food and product safety, environmental protection, biodiversity, climate change, fisheries, dangerous goods, quotas for certain products and the protection of cultural goods. While the exact nature of the potential benefits will thus differ by option and regulatory requirement, the general idea is that the introduction of e.g. automated processes and enhanced data quality and sharing would lead to better risk management and priority-setting, improved coordination between authorities, reductions in error and fraud levels, more robust clearance processes and improved compliance.

These impacts are not possible to analyse in quantitative terms. Due to the sensitive and complex nature of the regulations in question, little data is available on indicators of interest, such as fraud levels or amounts of information sharing between authorities responsible for goods clearance. It must also be noted that, while the expected impacts in these areas could be important, there are many factors at play beyond those that would be influenced by the policy options. For example, in addition to aspects that the initiative could address, such as the lack of suitable IT platforms, the extent of coordination between national customs and other authorities depends on administrative culture and capacity, political decisions and rules at the national level.

For this reason, the analysis of these impacts is conducted mainly qualitatively, based on extensive consultation with national customs authorities and partner government authorities, trade associations and economic operators, as well as DG TAXUD and other

European Commission DGs. The types of further impacts examined are outlined in the table below.[108]

Table 13: Types of social and environmental impacts

	Types of envisaged impact
National customs authorities and partner competent authorities	Better cooperation and coordination between authorities involved in goods clearance
	Improved risk management
	Reduced instances of fraud and human error
EU citizens	Better compliance and enforcement of non-customs EU regulatory requirements, expressed in terms of impacts on (as per the impacts listed in the Better Regulation Toolbox[109]) public health and safety; crime, terrorism and security; preserving the cultural heritage; governance and good administration; climate; quality of natural resources/fighting pollution; biodiversity; reducing and managing waste; protecting animal welfare; and international environmental impacts.

8.3. Analysis of the impacts of the policy options

This section examines the likely impacts of policy options 1, 2 6 and 8. Each sub-section starts with an overview of stakeholder views (important since the success of the future initiative depends on stakeholder acceptance and participation) as collected in the project group, field visits to eight Member States and the public consultation. This is followed by sections on the direct economic impacts and social and environmental impacts, and some concluding remarks. A final section provides a summary of the main impacts for each option. Note that the continuation of the baseline scenario (option 0) is examined in section 3.6 above, while the impacts of the non-viable options and sub-options are presented in section 7.

Two issues should be borne in mind while reading the analysis:

- Option 1 as a prerequisite: any future policy choice other than sticking with the baseline scenario would need to include at least option 1. This could be supplemented with any or all of options 2, 6 or 8 (i.e. the extension of EORI). Thus, while the analysis of each option considers impacts compared to the baseline, in practice only option 1 could be implemented on its own. Any other policy choice would combine the impacts different options as part of a package.

- Social and environmental impacts: the mechanisms that would generate these impacts are very similar for all of the policy options examined in depth. The main differences are in scope (since the options cover different regulatory requirements and thus would lead to benefits in different policy areas) and magnitude (since the expected changes from some options are more important than others). To avoid repetition, some of the mechanisms are described in depth only once, in the analysis of option 1. The other options are then analysed compared to the baseline in the same terms, using illustrative examples where useful.

[108] The analysis also considered whether any impacts could be expected on trade flows, either from freeing up working capital hitherto tied up in delays at the border, or from increased investment and economic activity. However, in both of these areas the potential gains from the future single window seemed unlikely to be big enough to be detectable in the short-to-medium term or attributable to the initiative. Nonetheless, this is an aspect that could be examined retrospectively, as part of a future evaluation.

[109] See Tool #19. Identification/Screening of impacts in the Better Regulation Toolbox.

8.3.1. Option 1

Stakeholder views

Member State administrations

Most Member States are highly favourable towards this option. Of the 15 Member States responding to a survey of project group participants, fully 12 rated it highly for overall desirability, while 11 considered it politically feasible and 13 considered technically feasible. These positive views were in part due to significant expected benefits, and in part to the relatively minor changes this option would require to national IT infrastructure, clearance processes and national legislation.

For the regulatory requirements covered, this option allows information from supporting documents to be exchanged automatically between partner competent authorities and customs rather than being presented to both individually by economic operators. This was foreseen to lead to quicker and smoother goods clearance. This would in turn lower administrative costs. Similarly, there was broad agreement that the easier sharing of information would reduce the duplication of tasks between different authorities, further increasing administrative efficiency. Option 1 was also expected to lead to better coordination between authorities, which would have knock-on effects such as improved enforcement of EU legislation and better data security (since less information would have to be stored in multiple databases). The introduction of automated quantity management (which is only possible if all Member States participate in EU CSW-CERTEX) was seen by most Member States as an especially important benefit in this regard. Interviewed national customs officials consistently explained that manual write-offs (which are necessary for some regulatory requirements in the absence of automated quantity management) were error-prone and led to discrepancies in enforcement between Member States. They were also felt to open the door to fraudulent activities, since some economic operators are known to supersede authorised quantities by working through multiple Member States. Since automated quantity management would make such activities nearly impossible, all Member States welcomed this option enthusiastically.

Several Member States also felt that participation of all Member States in EU CSW-CERTEX would be an important step towards fully digitised goods clearance, since it would push partner competent authorities to digitise their processes (and thereby stop using paper-documents). Interviews with national officials and discussions in the project group show that this would resolve a problem whereby the lack of a mandatory push from EU level prevents them from compelling partner competent authorities to digitise their systems and processes.

Criticism of this option is limited to two aspects: first, for Member States already having advanced digital initiatives, such as national single windows, mandatory use of EU CSW-CERTEX could risk undermining efforts that have already been made. Secondly, some Member States felt that to justify the costs of this option it would be important to prioritise regulatory requirements where the volume of related customs declarations is high, rather than rolling out across all regulatory requirements covered in its defined scope.

Economic operators

Trade associations in the project group expressed largely positive views of this option, feeling that the benefits for their members in terms of time savings would be important. This view was echoed by a range of economic operators interviewed during field visits, the vast majority of which were in favour of option 1 as described to them.

Moreover, economic operators in Member States where national initiatives similar to option 1 were already in place reported very favourable experiences. These initiatives have allowed them to simplify the processes of submitting and dealing with the supporting

documents related to relevant regulatory requirements. For example, in Italy economic operators reported that by making certain documents fully digital (with partner government authorities sharing them electronically with customs) they were able to avoid costs for transporting the documents between authorities themselves, thereby benefiting from faster clearance and fewer delays. Economic operators in other Member States shared similar anecdotes about reductions in the waiting times and administrative errors that used to delay clearance processes.

Finally, while the public consultation did not ask in detail about detailed policy options, it is worth noting that the vast majority of responding economic operators felt that key features of option 1 were high priorities. These include the enhanced automated verification of certificates and supporting documents, the promotion of use of electronic means to exchange information, improvements to coordination and sharing of information, the promotion of reuse of information provided by businesses and the harmonisation of data, systems and procedures across Member States and sectors.

Direct economic impacts

Implementation and recurrent costs

This option would entail implementation and recurrent costs for the European Commission, national customs authorities and national partner competent authorities. Potential costs for economic operators were also considered, but deemed negligible after consultation with stakeholders, since no new IT equipment or expertise would be required.

For the **European Commission**, the starting point would be the EU CSW-CERTEX architecture, which already exists and is functional for a number of regulatory requirements. The additional implementation costs would relate to expanding its coverage, traffic capacity and functionalities in line with the expected features of this option, in addition to associated change management, training and support. This would involve making connections between EU CSW-CERTEX and several electronic systems which either already exist (e.g. FLEGT) or are planned for the coming years (e.g. CATCHIT). Since EU CSW-CERTEX works by linking electronic systems rather than replicating them, DG TAXUD described it as a lean setup, with costs that are limited in light of the envisaged coverage and functionalities. During phased implementation for years 1-7, DG TAXUD estimated implementation and running costs of EUR 4.1m per year, making a total of EUR 28.7m. From year 8 onwards, once the system is fully operational, costs were expected to drop, but only by about 20% given the substantial maintenance and need for continued coordination and support for different actors at European and national levels. This would make for annual recurrent costs of about EUR 3.28m.

For **Member State customs and partner competent authorities**, experiences of the EU SW-CVED pilot so far, as well as consultation in the project group and interviews in the eight fieldwork Member States, indicate that the implementation and running costs would be substantial, but not excessive. This is due in part to the nature of EU CSW-CERTEX, which, as mentioned above, 'merely' facilitates access between existing electronic systems. Moreover, since this option relates to EU electronic systems, much of the necessary effort would take place at European level, allowing for significant economies of scale.

In practical terms, the implementation costs at Member State-level would relate to making the necessary connections, coupled with revisions to standard operating procedures, training and support. Recurrent costs would consist of ongoing maintenance and updates, as well as ongoing support for users. Both types of costs would vary by Member State depending on e.g. the maturity of existing IT infrastructure and arrangements for implementing new IT projects. However, consulted IT experts and national officials confirmed that these would be much smaller than the Commission costs at the level of individual Member States, since much of the infrastructure would be dealt with at European level. The lower range of estimated costs assumes that the limited effort required to

implement and manage the EU SW-CVED pilot in some Member States turns out to be widely applicable. In such case, for all Member States in total, the yearly costs would be about half the Commission costs, i.e. EUR 2.05m could be expected for implementation during the years 1-7 implementation period, followed by recurrent costs of about EUR 1.64m from year eight onwards. If the changes required are more significant (for example, if needed to deal with the security and availability concerns voiced by some Member States), then higher costs are foreseen, equal to the Commission costs of EUR 4.1m per year from years 1-7, thereafter EUR 3.3m from year 8 onwards. These implementation and recurrent costs are summarised in the table below.

Table 14: Estimated implementation and recurrent costs for option 1 (in €k)

	Implementation costs (years 1-7)	Recurrent costs (year 8 onwards)
EC	4 100 / year (28 700 total)	3 280 / year
MS customs and partner competent authorities	From 2 050 year (14 350 total) to 4 100 / year (28 700 total)	1 640 / year to 3 280 / year
Total	From 6 150 / year to 8 200 / year (43 050 to 57 400 total)	From 4 920 / year to 6 560 / year

Source: Estimates based on figures from DG TAXUD for European Commission costs and Member State data and expert opinion for Member State costs

Aside from the figures, it should be pointed out that the Member States considered the economies of scale from EU-level collaboration and limited pressure on national budgets as key selling points of this policy option. As explained in a survey of project group members and consultation during the field visits, it would allow for implementation in parallel with work on other important priorities (such as IT projects required for the Union Customs Code). This was seen as especially important for smaller Member States, which were unlikely to secure sufficient funding to implement a single window environment without a common EU initiative.

Recurrent benefits

It is envisaged that this option would lead to simplified, further digitalised and increasingly automated clearance processes that would save time for customs authorities, partner competent authorities and economic operators. This would apply to a large number of customs declarations, about 4.1m per year, or 54% of declarations subject to relevant EU regulatory requirements. The next paragraphs explain the mechanisms that would be expected to generate these benefits for each of the types of actors concerned and, based on interviews in eight Member States and consultation in the project group, estimates their likelihood and scale.

For **customs authorities**, this option would lead to important process changes that would save significant time. In broad terms, instead of needing to ask economic operators to provide physical documents to support customs declarations, the necessary documents would be delivered to customs IT systems (in the correct data format) electronically and securely from EU electronic databases where they are managed and stored. For the regulatory requirements covered by this option, this would obviate the need to consult paper documents or external systems, introduce possibilities for automated validation and reduce reliance on manual document checks. The change would be especially pronounced for regulatory requirements where quantities of authorised goods can be split across multiple customs declarations. Verifying that 'write-offs' were correct currently requires time-consuming checks of paper documents and interactions with partner competent authorities, often based in other locations or Member States. With the introduction of automated quantity management under this option, the verification would be instantaneous and secure, preventing any goods over the authorised quantity from being cleared. Similarly, customs officials currently spend significant time checking on pending documents from partner competent authorities. Under this option, a 'push' functionality will automatically alert customs authorities that given documents are approved, allowing

them to clear the goods more quickly and efficiently. More generally, having all information in electronic form makes it easier, where relevant, to coordinate checks with partner competent authorities.

Interviewees in the fieldwork countries fully expected these improvements to materialise in practice if the option were to be implemented. The experiences of Member States that have already put in place similar initiatives at national level (France, Italy and Spain) are especially useful in this regard. They reported process changes along the lines described above and significant time savings for customs officials due to speeded up and in many cases automated documentary controls. Other Member States, based on stock-taking of current processes and experiences of the EU SW-CVED pilot, envisaged similar improvements and savings.

Based on the feedback, it can thus be assumed that substantial time savings are likely for. However, there are big differences for the likely savings at the level of individual customs declarations, due to the diversity both in processes for different regulatory requirements, and across Member States. In other words, the processes for dealing with some customs declarations have more room for improvement than others.

Since the available data covers only a small proportion of relevant customs declarations, it is not possible to formulate a generalised estimate that captures this diversity in a precise way. Instead, the estimate takes the form of a range that aims to take account of the uncertainty while maintaining a reasonable degree of confidence in the results. At the high end, which would materialise if anecdotal evidence from some regulatory requirements and Member States turns out to be generally applicable, savings of 45 minutes per declaration could be expected. A lower estimate of 30 minutes per declarations would apply if the larger savings in some circumstances are offset by others where the changes are smaller. Applying the standard cost model as described above, yearly benefits for EU customs authorities from time savings of EUR 49.5m to EUR 74.3m could be expected once implementation complete.

Processes would also be simplified and made more efficient for **partner competent authorities**. Instead of needing to provide validated supporting documents to economic operators (who then take them onwards to customs authorities), this option would allow electronic versions to be transferred to customs authorities directly, in some cases automatically. This would reduce the time needed to document the results of checks, as well as making it easier to arrange and coordinate controls efficiently.

Interviewees typically agreed that envisaged improvements as described would hold true in practice, and thereby lead to some time savings. However, from the perspective of partner competent authorities, the time spent on collating and sending documents was considered relatively small, especially compared to the effort needed to examine the documents and carry out physical controls, which would not change. Taking this into account, and (as with customs authorities) allowing for a degree of uncertainty, the savings are estimated at two to five minutes for each relevant customs declaration. This would still be expected to add up to substantial yearly benefits, from EUR 3.3m to EUR 8.3m.

For **economic operators**, the option is expected to generate major efficiency gains and time savings. Instead of presenting supporting documents in paper form, then transferring them between authorities physically, economic operators would be able to submit them once, electronically, with the G2G connection facilitating the transfer between authorities. This also means that supporting documents and customs declarations could be lodged in parallel, simplifying business processes and reducing delays, while speeding up processing. These changes would address key problems mentioned in the public consultation and interviews, where economic operators frequently complained about the time needed for goods clearance and requirements to submit the same information to multiple authorities.

Evidence from the fieldwork countries suggests that the envisaged benefits would happen in practice. In Member States where national single windows have been introduced (most notably France, Italy and Spain), economic operators described concrete changes to their operations that have resulted in major benefits. For example, a customs broker in Italy explained that, prior to the national single window, the operator was responsible for physically transporting documents between competent partner authorities and the customs authority. This required considerable time and / or costs from courier services, in addition to leading to delays that had knock-on effects such as storage costs and lost business from disappointed customers. These costs have now been cut to zero, since the supporting documents in question are sent electronically between authorities, without any action from the economic operator. Similarly, the national single window has allowed economic operators to conduct detailed status checks on their declarations online, avoiding un-necessary calls to the authorities or trips to pick up goods that are not ready. The introduction of the single window has also led to coordinated checks between customs and partner competent authorities, avoiding the movement of containers at cost to the economic operators that previously took place.

As with other stakeholders, the nature and scale of the time savings would depend on the specificities of the goods in question and Member States involved, with certain economic operators experiencing much bigger improvements than others. Nonetheless, important gains appeared widespread. This allows for an estimate for potential time savings similar to customs authorities, at a range of 30-45 minutes per relevant declaration. Applying the standard cost model, this would generate annual benefits from reduced administrative costs of EUR 49.5m to EUR 74.3m. Some additional costs could also be expected from reduced fees for storage and other out-of-pocket costs, but the diversity of the goods involved makes it too hard to quantify these confidently.

Taken together, the benefits for customs authorities, partner competent authorities and economic operators from this option are expected to be significant, in the annual range of about EUR 102.4m to EUR 156.9m, once full implementation is achieved in from year 8. During the years 1-7 implementation period, the envisaged benefits will be phased in, as the gradual integration of the EU electronic systems used to manage the regulatory requirements takes place.

Table 15: Estimated benefits from Option 1

			Customs authorities	PCAs	EOs	Total
Time savings / affected declaration			30-45 minutes	2-5 minutes	30-45 minutes	N/A
Average labour cost / hour €k			0.024 (i.e. €24/hour)			
Average no of affected declarations (thousands)			4 128 (54% of declarations subject to relevant EU requirements)			
Annual benefits (€k)	Phased implementation	Year 1	6 192-9 289	413-1 032	6 192-9 289	12 798-19 609
		Year 2	12 385-18 577	826-2 064	12 385-18 577	25 596-39 219
		Year 3	18 577-27 866	1 238-3 096	18 577-27 866	38 393-58 828
		Year 4	24 770-37 155	1 651-4 128	24 770-37 155	51 191-78 438
		Year 5	30 962-46 444	2 064-5 160	30 962-46 444	63 989-98 047
		Year 6	37 155-55 732	2 477-6 192	37 155-55 732	76 787-117 657
		Year 7	43 347-65 021	2 890-7 225	43 347-65 021	89 584-137 266
	Year 8 onwards		**49 540-74 310**	**3 303-8 257**	**49 540-74 310**	**102 382-156 876**

Source: Extrapolations based on declarations data from the MS participating in the project group, hourly costs based on Eurostat and OECD data and time estimates based on interviews in eight MS.

Cost-benefit analysis

Combining the analysis for expected costs with the analysis for expected benefits shows not only that, in terms of direct economic benefits alone, this option is likely to pay for itself within a short space of time. Net impacts would be positive from year 1. Once full implementation is achieved, net benefits ranging from about EUR 95.8 to EUR 152m can be expected.

Importantly, much of the costs would fall on the Commission. This means that the net benefits for national customs and partner competent authorities would be especially pronounced. While the benefits for economic operators would be spread over a large number of individual organisations, these would be achieved at little to no cost to them.

Table 16: Cost-benefit analysis for option 1

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8+
Costs (-€k, low and high ranges except for EC costs)								
EC	4 100	4 100	4 100	4 100	4 100	4 100	4 100	3 280
MS customs and PCAs	2 050 4 100	2 050 4 100	2 050 4 100	2 050 4 100	2 050 4 100	2 050 4 100	2 050 4 100	1 640 3 280
Total costs	**6 150 8 200**	**6 150 8 200**	**6 150 8 200**	**6 150 8 200**	**6 150 8 200**	**6 150 8 200**	**6 150 8 200**	**4 920 6 560**
Benefits (€k, low and high ranges)								
MS customs	6 192 9 289	12 385 18 577	18 577 27 866	24 770 37 155	30 962 46 444	37 155 55 732	43 347 65 021	49 540 74 310
MS PCAs	413 1 032	826 2 064	1 238 3 096	1 651 4 128	2 064 5 160	2 477 6 192	2 890 7 225	3 303 8 257
EOs	6 192 9 289	12 385 18 577	18 577 27 866	24 770 37 155	30 962 46 444	37 155 55 732	43 347 65 021	49 540 74 310
Total benefits	**12 798 19 609**	**25 596 39 219**	**38 393 58 828**	**51 191 78 438**	**63 989 98 047**	**76 787 117 657**	**89 584 137 266**	**102 382 156 876**
Net impact (€k, low and high ranges)								
Total	**4 598 13 459**	**17 396 33 069**	**30 193 52 678**	**42 991 72 288**	**55 789 91 897**	**68 587 111 507**	**81 384 131 116**	**95 822 151 956**

Source: Analysis of cost and benefit data based on evidence collected from Commission and MS

Social and environmental impacts

The envisaged social and environmental impacts of this option are very important. These would be felt first by customs and partner competent authorities, whose ability to work effectively would be improved. Ultimately, EU citizens would benefit through better compliance and enforcement of the regulatory requirements concerned, which affect over 4m of the most sensitive goods movements each year. The findings are based on the experiences of national authorities, particularly from France, Italy and Spain, where similar initiatives are already in place at national level, and the Member States that have taken part in the EU SW-CVED pilot and CSW-CERTEX so far, as well as wider consultation within the project group and with European Commission DGs.

Better cooperation and coordination between authorities involved in goods clearance

Member States with national single window initiatives all agreed that cooperation and coordination between customs and partner government authorities had markedly improved since the initiatives had been established. Putting in place the necessary agreements often took time and a certain amount of political will, but in all cases quickly led to important practical benefits, such as the automated sharing of information and carrying out of joint controls. More informal contact between authorities has also reportedly generated further ideas to improve working practices and procedures, contributing to the better enforcement

of relevant regulatory requirements. Similar developments were also observed in the countries taking part in EU SW-CVED pilot / EU-CSW-CERTEX, and are expected in other Member States as likely benefits of this option. Moreover, implementation in all Member States (as is expected in this option) would enhance cooperation and coordination even further by providing for automated and highly reliable quantity management.

Improved risk management

Customs authorities in countries with national single window initiatives similar to this option have been able to obtain access (in a suitable format) to the data associated with supporting documents from non-customs regulatory requirements. This has been fed into risk management systems, allowing algorithms to be improved and contributing to better and more efficient targeting of controls and enforcement of relevant regulatory requirements.

Reduced instances of fraud and human error

The national single window initiatives similar to this option and EU SW-CVED / EU CSW-CERTEX have made available to customs and partner competent authorities more accurate, digital information about the goods passing through borders. Customs authorities and partner competent authorities have also worked together more closely, in particular through carrying out joint controls. According to interviewed officials, this has made fraud easier to detect, while reducing the scope for human error. The introduction of automated quantity management was also seen as a key part of this. As explained by the Italian customs authorities (whose national single window includes such a function for movements non involving other EU Member States), automated quantity management makes it much easier to prevent fraudulent traders from exploiting information gaps between authorities in different Member States to over-use certificates. Given the over 4m customs declarations that would be covered yearly by this option, even a small reduction in fraud or error rates would be very important.

Better enforcement of and compliance with relevant regulatory requirements

The combined effects of the above-mentioned impacts would be better enforcement of and compliance with non-customs EU regulatory requirements for goods involving around 4m declarations per year. Many interviewed officials, particularly from partner competent authorities, considered this the main rationale for this option, pointing to the importance and breadth of the regulations covered and problems with enforcement up to this point (as discussed in section 3.4). If implemented, the processes for dealing with large numbers of goods, particularly those subject to regulations for plant health, food safety, dual use licences and fisheries, but also covering organic products, waste management, forestry, harmful gases, cultural heritage and firearms, would be improved. While pre-existing levels of fraud, errors and enforcement gaps are tough to pin down, section 4.4 described important problems in some of these areas which this option would help to address. Indeed, anecdotal evidence from customs officials and partner competent authorities suggests the gains would be invaluable.

Obligatory participation in the initiative was also expected to reduce inconsistencies between Member States, establish a level playing field and encourage better behaviour from economic operators. In the absence of borders between EU Member States, several customs and partner competent authorities also highlighted the role this would play in furthering the single market, since it would reduce concerns in some countries about lax enforcement elsewhere. Similarly, it would reduce the scope for jurisdiction shopping, since illegitimate traders could not count on lax enforcement in any one Member State.

Numerous examples from countries with national single windows similar to this option demonstrate that such expectations are credible. For instance, the Italian single window ensures that all customs declarations subject to certain non-customs regulatory

requirements get at least an automatic documentary check. This frees up customs officials to devote their time to more substantial parts of the declaration, increasing their capacity to detect irregularities. In Ireland (a participant in EU SW-CVED), checks have become more targeted, letting a greater proportion of 'normal' consignments to pass unhindered while increasing the number of risk-based searches. Such searches are more likely to detect fraud. The Spanish and Czech customs authorities also reported being able to carry out better-targeted controls since the introduction of the national single window and EU SW-CVED, respectively.

Conclusions

This option is expected to lead to significant positive impacts. While it would entail considerable implementation and recurrent costs, these would likely pale in comparison to the direct economic benefits through saved labour costs for customs authorities, partner competent authorities and economic operators. Moreover, the option would generate economies of scale by concentrating much of the effort at EU level. This would also secure the participation of many Member States, which would otherwise be unable to fund a similar initiative nationally. This would lead to large net economic benefits from EUR 95.8m to EUR 152m annually, spread mostly between customs authorities and economic operators, with substantial benefits also flowing to partner competent authorities.

Also importantly, this option would provide for electronic and in some cases automated sharing of key information, including for quantity management, improvements to risk management procedures and enhanced coordination and collaboration between customs and partner competent authorities. This would reduce fraud and errors, and improve enforcement of and compliance with the EU legislation that over 4m customs declarations are subject to each year. Given that these are among the most sensitive goods passing through EU borders, the positive social and environmental impacts would be significant.

8.3.2. Option 2

Stakeholder views

Member State administrations

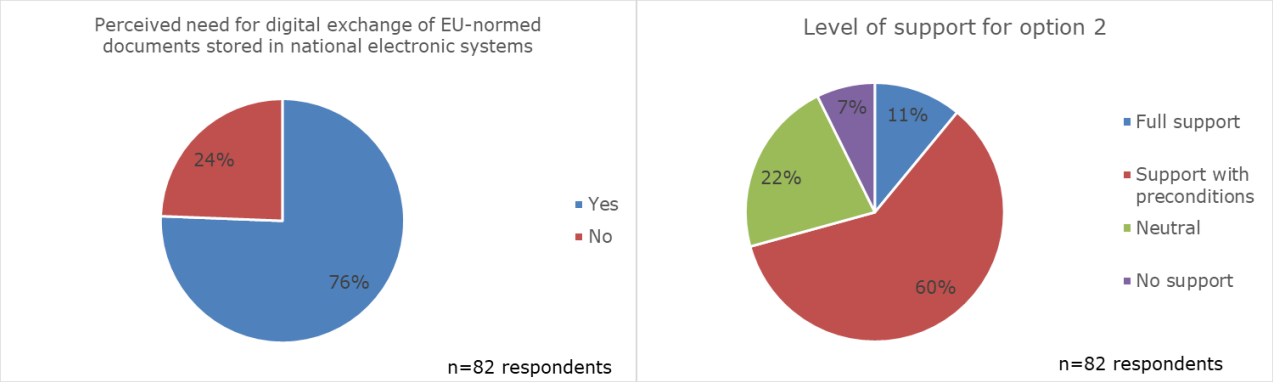
For the regulatory requirements included in option 2, Member State administrations foresaw benefits largely in line with those mentioned for option 1. These include quicker and smoother goods clearance, lower administrative costs, reduced duplication of tasks between different authorities, increased administrative efficiency and better coordination. Anecdotal evidence from the case studies also shows that administrations would expect especially pronounced benefits from any improvements to the processes for dealing with AGRIM and AGREX licenses. These were seen as especially time-consuming and problematic in Ireland, whereas in Italy, which has included AGRIM and AGREX in the national single window, interviewees reported major improvements.

However, perceived practical difficulties and high costs to implement this option limited enthusiasm considerably. This led respondents to the survey of Member States participating in the project group to give it lower feasibility and desirability scores. Less than half (6 of 15) considered this option politically feasible (mainly due to the expected costs and coordination challenges), while only just over half found it technically feasible and desirable overall (8 of 15). Support was concentrated among Member States with national systems already connected to customs, who saw possibilities for economies of scale. In contrast, larger Member States such as Germany considered this option difficult to implement due to a lack of such systems and more complex administrative arrangements.

Similar views were expressed in a poll of national customs authorities taken in May 2019 at the High-level seminar on the EU Single Window environment for customs in Bucharest.

While the poll was informal and should not be taken as the official view of respondents, it shows that, on the one hand, there is a widespread (though not unanimous) perception that making the connections that this option would entail is important. On the other hand, levels of support for option 2 is mixed. While few respondents did not support it at all, most offered support only with important pre-conditions. These pre-conditions included a need for more funding, voluntary implementation or a very long implementation timeframe.[110]

Figure 7: Support for option 2



Source: Informal poll of participants (mainly from national customs authorities) in the High-level seminar on the EU Single Window environment for customs

Economic operators

Trade associations participating in the project group voiced positive opinions about option 2, which from their perspective closely resembled option 1. In order to maximise the benefits, trade associations felt that the future initiative should cover as many regulatory requirements as possible. Individual economic operators interviewed as part of the case studies gave similar feedback, expressing positive views of any development which makes goods clearance quicker and easier.

Direct economic impacts

Implementation and recurrent costs

This option would entail implementation and recurrent costs for the European Commission, national customs authorities and partner competent authorities. However, since there would be fewer economies of scale from action at EU level, these costs would be higher for both sides in relation to the baseline. Moreover, the costs would fall to a large extent on the Member States, whose customs and partner competent authorities would need to carry out much of the effort needed to establish, coordinate and maintain the necessary connections.

Although this option does not relate to EU electronic systems, the costs would be substantial for the **European Commission**, in large part due to the fragmented nature of the regulatory requirements covered. In collaboration with partner DGs, separately for each regulatory requirement covered, DG TAXUD would need to carry out the detailed developmental work needed to enable the connections of national systems to EU CSW-CERTEX, as well as to provide support to the Member States. This would require substantial human resources, as well as IT costs to increase the capacity of EU CSW-CERTEX in line

[110] In addition, several respondents did not think option 2 should be pursued until EU systems had been developed for the regulatory requirements covered, which de facto would mean incorporating option 2 into option 1.

with the expected additional traffic. According to DG TAXUD, gradual implementation and running costs for the years 1-7 implementation period are estimated at about EUR 5m per year. From year 8 onwards, once the system is fully operational, yearly costs would drop by about 20%, to EUR 4m.

For **Member State customs and partner competent authorities**, the costs would be much larger than for the Commission. Taking a decentralised approach, connections would need to be built in each country either between partner competent authority systems and customs systems (which would then be connected to each other through EU CSW-CERTEX), or between partner competent authorities and EU CSW-CERTEX. Distinct connections would thus be needed for each regulatory requirement *and Member State*. In other words, option 2 would not benefit from economies of scale. National authorities (mainly customs but in collaboration with the various partner competent authorities) would need to develop and put in place the functionalities needed for the connections, as well as dealing with change management, training and support for users. Given the differences between national IT architectures and an inability of many Member States to provide figures, precise costs are difficult to estimate.

Nonetheless, the figures that are available can be used to derive an estimated range for the likely costs. It is assumed that about ten connections would be needed per Member State for the regulatory requirements covered. According to the study team's IT expert and feedback from several Member State administrations, the cheaper alternative would entail making the connections between partner competent authorities and the national customs authority, which would then be connected onwards to EU CSW-CERTEX.[111] Costs are estimated at about EUR 150 000 per connection, adding up to EUR 1.5m per Member State, spread over the 7-year implementation period. This would amount to EUR 42m for the EU as a whole. Making connections directly between partner competent authorities and EU CSW-CERTEX would be more complicated and thus more expensive, with estimates of EUR 300 000 per connection, adding up to EUR 3m per Member State and thus EUR 84m overall. Given the significant expected need for ongoing maintenance, coordination and support, recurrent costs from year 8 onwards are only estimated to drop 20%, to EUR 4.8m to EUR 9.6m. Moreover, it should also be borne in mind that the cost estimates for this option do not consider the effort needed at national level to establish electronic systems to manage the documents related to each regulatory requirement. In most, but not all, cases this will have already taken place, and it in any case falls outside the scope of the initiative.

Table 17: Estimated implementation and recurrent costs for option 2 (in €k)

	Implementation costs (years 1-7)	Recurrent costs (year 8 onwards)
EC	5 000 / year (35 000 total)	4 000 / year
MS customs and partner competent authorities	From 6 000 year (42 000 total) to 12 000 / year (84 000 total)	4 800 / year to 9 600 / year
Total	From 11 000 / year to 17 000 / year (77 000 to 119 000 total)	From 8 800 / year to 13 600 / year

Source: Estimates based on figures from DG TAXUD for European Commission costs and Member State data and expert opinion for MS costs

Recurrent benefits

While the IT architecture and regulatory requirements concerned would be different, the recurrent benefits for the clearance operations covered by option 2 would to a certain extent be similar compared to the baseline as those described for option 1. In simple terms , further digitalised and increasingly automated clearance processes would save time for

[111] The connection between the customs authority and EU CSW-CERTEX would need to be made as part of option 1, which would necessarily form part of any option package including option 2.

customs authorities, partner competent authorities and economic operators. This would apply to about 2.7m customs declarations per year, i.e. about 35% of declarations subject to relevant EU regulatory requirements. However, since this option would rely on national electronic systems, the benefits would be limited to a certain extent depending on the specific features of these (which indeed may not exist for certain regulatory requirements, in certain Member States). Based on feedback in Member States with initiatives providing for similar functions, the benefits are estimated at 15-20 minutes per declaration for customs authorities and economic operators, and 2-5 minutes per declaration for partner competent authorities. Once fully operational, this option would thus be expected to generate substantial benefits from time savings of EUR 34.5m to EUR 48.5m per year, spread across the EU and the different stakeholders involved in goods clearance.

Table 18: Estimated benefits from Option 2

			Customs authorities	PCAs	EOs	Total
Time savings / affected declaration			15-20 minutes	2-5 minutes	15-20 minutes	N/A
Average labour cost / hour (€k)			0.024 (i.e. €24/hour)			
Average no of affected declarations (thousands)			2 695 (35% of declarations subject to relevant EU requirements)			
Annual benefits (€k)	Gradual implementation	Year 1	2 021-2 695	270-674	2 021-2 695	4 312-6 064
		Year 2	4 043-5 390	539-1 348	4 043-5 390	8 624-12 128
		Year 3	6 064-8 085	809-2 021	6 064-8 085	12 936-18 192
		Year 4	8 085-10 780	1 078-2 695	8 085-10 780	17 248-24 255
		Year 5	10 106-13 475	1 348-3 369	10 106-13 475	21 560-30 319
		Year 6	12 128-16 170	1 617-4 043	12 128-16 170	25 873-36 383
		Year 7	14 149-18 865	1 887-4 716	14 149-18 865	30 185-42 447
	Year 8 onwards		**16 170-21 560**	**2 156-5 390**	**16 170-21 560**	**34 497-48 511**

Source: Extrapolations based on declarations data from the Member States participating in the project group, hourly costs based on Eurostat and OECD data and time estimates based on stakeholder interviews in eight Member States.

Cost-benefit analysis

This option would generate substantial benefits from time savings, especially for customs authorities and economic operators. However, due to a lack of economies of scale, it would entail very high costs, especially for Member State administrations. In the best case, this could see net benefits from year 2, and yearly gains of about EUR 39.7m once fully operational. The less optimistic scenario would produce net benefits from year 4, with yearly gains once fully operational of EUR 20.9m.

Table 19: Cost-benefit analysis for option 2

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8+
Costs (-€k, low and high ranges except for EC costs)								
EC	5 000	5 000	5 000	5 000	5 000	5 000	5 000	4 000
MS customs and PCAs	6 000 12 000	6 000 12 000	6 000 12 000	6 000 12 000	6 000 12 000	6 000 12 000	6 000 12 000	4 800 9 600
Total costs	**11 000 17 000**	**11 000 17 000**	**11 000 17 000**	**11 000 17 000**	**11 000 17 000**	**11 000 17 000**	**11 000 17 000**	**8 800 13 600**
Benefits (€k, low and high ranges)								
MS customs	2 021 2 695	4 043 5 390	6 064 8 085	8 085 10 780	10 106 13 475	12 128 16 170	14 149 18 865	16 170 21 560
MS PCAs	270 674	539 1 348	809 2 021	1 078 2 695	1 348 3 369	1 617 4 043	1 887 4 716	2 156 5 390
EOs	2 021 2 695	4 043 5 390	6 064 8 085	8 085 10 780	10 106 13 475	12 128 16 170	14 149 18 865	16 170 21 560

Total benefits	**4 312 6 064**	**8 624 12 128**	**12 936 18 192**	**17 248 24 255**	**21 560 30 319**	**25 873 36 383**	**30 185 42 447**	**34 497 48 511**
Net impact (€k, low and high ranges)								
Total	**-12 688 -4 936**	**-8 376 1 128**	**-4 064 7 192**	**248 13 255**	**4 560 19 319**	**8 873 25 383**	**13 185 31 447**	**20 897 39 711**

Source: Analysis of cost and benefit data based on evidence collected from European Commission and Member States

Social and environmental impacts

The envisaged social and environmental impacts of option 2 would be important and of a similar nature compared to the baseline as those described for option 1. However, there are two important differences. Firstly, while this option would allow for the electronic exchange of documents between customs and partner competent authorities and thereby improve coordination, it would not include some functionalities (for example, for regulatory requirements where not all Member States have an electronic system, EU-wide quantity management would not be possible). This would reduce its ability to improve risk management and reduce fraud and error significantly. While the scope of this option is also limited to about 2.7m customs declarations per year, this includes important regulatory requirements in fields such as to agricultural import and export licenses, wildlife protection, firearms exports and drugs precursors, all of which are highly sensitive, and where no EU electronic system exists. This option thus provides the unique possibility to generate benefits in these areas.

Conclusions

Option 2 would generate important net-positive economic impacts and provides the sole means to increase the efficiency and coordination related to regulatory requirements in several areas, such as agricultural import and export licences and wildlife protection, where no EU electronic system currently exists. Applied to the 2.7m declarations covered, the expected benefits would range from EUR 20.9m to EUR 39.7m once fully operational. However, the benefits would be limited due in part to the fairly small number of declarations affected (representing about 35% of declarations subject to relevant EU regulatory requirements). Option 2 also does not allow for functionalities such as automated quantity management that would be necessary to realise important economic and social and environmental benefits. The main drawback is that this option would be complicated and expensive to implement. Member State authorities expressed mix views about the extent to which it would be feasible, citing concerns about securing the necessary funding and political will. Indeed, the costs (estimated at EUR 77m to EUR 119m over the 7-year implementation period) would in large part fall on the Member States, since individual connections would need to be built between national electronic systems and EU CSW-CERTEX.

8.3.3. Option 6

Stakeholder views

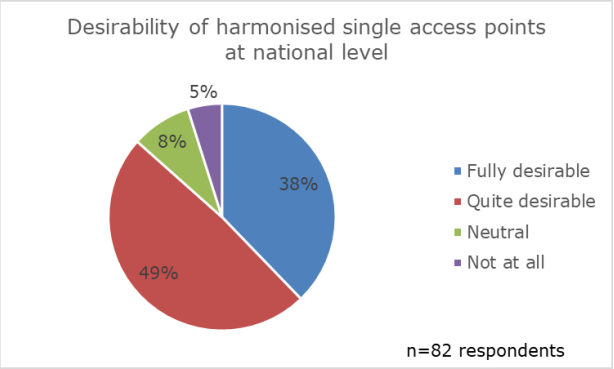
Member State administrations

Member State administrations have expressed largely positive views about this option. Among the B2G options, it was ranked highest for overall desirability according to a survey of project group members. It was also the only B2G option receiving mostly favourable scores for political and technical feasibility. These positive views were attributed to several aspects. The gradual implementation of the option was especially appreciated. This re-assured Member State customs administrations that implementation could be tailored to fit different national schedules, priorities and resources. It would also be compatible with other major commitments, such as the updates all Member States are making to automated import, export and transit systems as part of the UCC Work Programme.

Similarly, this option would complement national single window projects, which was especially important to Member States such as Spain, Italy and the Netherlands already making B2G efforts. It was also seen to allow for a degree of standardisation that would benefit economic operators and provide cost-sharing and economies of scale. This last aspect made option 6 particularly attractive to smaller Member States, which would otherwise lack the resources to pursue such an initiative on their own.

The informal poll of (mostly) Member State customs authorities at the High-level seminar on an EU customs single window, conducted in Bucharest in May 2019, showed even high levels of enthusiasm. Asked whether harmonised single access points at national level would be desirable, fully 87% responded either 'fully desirable' or 'quite desirable'. The reasons given for these responses corresponded to the envisaged benefits of the initiative, e.g. cutting costs, increasing efficiency, simplification, faster clearance and release of goods, better reuse of data, increased effectiveness of controls and better risk management.

Figure 8: Support for option 6



Source: Informal poll of participants (mainly from national customs authorities) in the High-level seminar on the EU Single Window environment for customs

Despite generally positive views, it should be noted that some Member States did voice concerns with the feasibility and desirability of this option. Within the project group, several Member States felt that the technical solutions would be costly, and difficult to prioritise over the coming years due to the focus on other IT projects such as those required as part of the abovementioned UCC Work Programme. A few Member States also worried about organisational problems related to the envisaged role for national customs authorities. It was explained that, while this option would rely on customs authorities coordinating between various partner competent authorities and acting as a hub for receiving information from economic operators, in some Member States customs would not be empowered to play this role. This would make the option difficult for these Member States to implement. Other Member States mentioned more practical issues that could arise, such as the need for SMEs to adopt expensive IT equipment that would erode the potential benefits. These concerns were echoed in the informal poll carried out in Bucharest, where many respondents emphasised the complexity of harmonising so many systems and processes, and the likely high costs this would entail.

Economic operators

Three of the four trade associations completing the survey in the project group considered this option the most or second-most desirable of the B2G options. While option 7 (which would have provided for a single entry point for the whole EU) was favoured as a way to maximise the streamlining of processes, it was not considered sufficiently feasible by the Member States. Option 6 was considered a compromise solution that would simplify clearance procedures and address key problems that would not be resolved by G2G collaboration only, such as the need to submit similar information to multiple authorities for the same movements. Moreover, given that some Member States have already started

making progress on national single windows, option 6 was seen as an effective way to harness existing momentum and avoid duplicating efforts.

Some economic operators were critical of this option because it would still require dealing with different single entry points in each Member State. This residual complexity was seen to limit the benefits for traders in comparison with more integrated solutions (such as option 7). There were also concerns that some Member States would not put in place a national single window, meaning the expected benefits would not be realised. For this reason, economic operators generally preferred an obligatory version of this option that would mandate an implementation timeframe.

Direct economic impacts

Implementation and recurrent costs

Like the other options, compared to the baseline option 6 would entail implementation and recurrent costs for the European Commission, national customs authorities and national partner competent authorities. While substantial, they are limited to a certain extent because only the B2G elements of a future initiative are considered. Any necessary G2G elements would be implemented as part of option 1, which would necessarily accompany any policy choice including option 6.

The **European Commission** would incur implementation costs related to its role in steering and coordination. These would entail mapping the data needs for the EU regulatory requirements covered, the development of technical specifications and harmonised data models to be used by customs and partner competent authorities in the Member States to develop their trader portals and a common authentication service for traders. For many of the regulatory requirements covered, the Commission would also incur costs associated with relaying data between national single windows and partner competent authorities through EU CSW-CERTEX. There would also be a need to provide training and support to Member State administrations. DG TAXUD estimates these costs at about EUR 35m, spread over years 1-7 , i.e. EUR 5m per year. Afterwards, recurrent costs would consist mainly ongoing data transmission, coordination, support and periodic updates and maintenance. According to DG TAXUD, the costs would be about EUR 3m per year.

The lion's share of the costs for this option would be borne by **Member State customs and partner competent authorities**. Much of the heavy lifting would come upfront, in the form of implementation costs. Member State administrations would need to adapt their IT systems and business processes so that the data for customs and non-customs purposes can be lodged together, as well as deal with inevitable teething problems. The business use cases, based on data from Spain and the Czech Republic, indicate that about EUR 1.75m would be needed to develop and implement option 6 in these Member States. Interviews with other Member State administrations showed that they have more complex IT environments and procurement processes, which would lead to much higher costs. These are cautiously estimated at around EUR 3.5m, which, since most Member State administrations did not provide data, is based on the informed view of the study team's IT expert. Given the uncertainty, these are taken as low and high ranges for costs that, extrapolated to cover the whole EU, would amount to EUR 49m to EUR 98m for implementation. This would be spread over 7 years of phased implementation, meaning costs of EUR 7m to EUR 14m per year. Recurrent costs after this would also be substantial due to the continued need for coordination, maintenance, and support, but would be much lower than the costs for initial implementation. These are estimated at EUR 4.2m to EUR 8.4m yearly.

Table 20: Estimated implementation and recurrent costs for option 6 (in €k)

	Implementation costs (years 1-7)	Recurrent costs (year 8 onwards)
EC	5 000 / year (35 000 total)	3 000 / year
MS customs and partner competent authorities	From 7 000 year (49 000 total) to 14 000 / year (98 000 total)	4 200 / year to 8 400 / year
Total	**From 12 000 / year to 19 000 / year (84 000 to 133 000 total)**	**From 7 200 / year to 11 400 / year**

Source: Estimates based on figures from DG TAXUD for European Commission costs and Member State data and validated expert opinion for MS costs

Recurrent benefits

Option 6 would affect a large number of customs declarations, estimated at about 4.9m per year, or about 64% of declarations subject to relevant EU regulatory requirements. It is expected to simplify clearance processes for customs and partner competent authorities, while revolutionising them for economic operators. The paragraphs below explain the likely changes the benefits they are expected to generate in terms of efficiency gains.

For **customs and partner competent authorities**, the business use cases report that efficiency savings would be realised from earlier access to information (in particular due to the use of pre-declarations), improved coordination, and quicker verification of the documents and data submitted by economic operators. However, since this option will not affect the way authorities verify and record information, these improvements are considered incremental rather than fundamental. The business use cases of B2G initiatives, combined with interviews on expected improvements, indicated likely time savings per relevant customs declaration is estimated at 5-10 minutes for customs authorities, and 1-2 minutes for partner competent authorities. Given the number of customs declarations affected, this would generate benefits of nearly EUR 9.8 to EUR 19.6m per year for customs authorities and EUR 3.9m to EUR 9.8m per year for partner competent authorities, once full implementation is realised.

Much bigger time savings are expected for economic operators, for whom the business processes for lodging customs and non-customs data would be significantly improved. Instead of needing to submit documents to different authorities at different times, and in different formats, this option would rationalise the process, allowing customs and non-customs data to be submitted and dealt with together.

For example, in the pre-existing scenario, an economic operator that is importing live animals would need to submit a CHED-A application when the goods present at the border, then wait for it to be validated before lodging separately (in a form that contains much of the same information) the customs declaration. This could entail delays and costs for temporary storage before controls take place, as well as uncertainty about when validation of the CHED-A certificate will trigger the need to provide customs-relevant input. The pilot described in the business use case for Spain showed that this process can be meaningfully improved. The economic operator is able to submit the CHED-A application data together with the customs pre-declaration, at least one day before the goods present. The national single window interacts with the EU TRACES database and, once any validations are carried out, notifies the partner competent authority to carry out the necessary controls. Once done (assuming the assessment is positive), the CHED is issued within the national single window and the goods can be released. This reduces both the amount of input required from economic operators as well as uncertainty and the likelihood of delays.

This is consistent with findings from the US Single Window provided by US Customs and Border Protection. According to their assessment of the single window since its implementation in 2018, the benefits for economic operators have included the reduction of data redundancies, easier monitoring of the status of requests and automated the validation of documents related to a number of regulatory requirements.

It is difficult to translate these general findings and examples into quantified estimates of the likely savings, especially given the diversity of regulatory requirements involved and different starting points across Member States. For this reason, a conservative range of 45-60 minutes per relevant declaration is used. This takes into account both declarations were savings may run into hours or even days, as well as others where existing processes are fairly simple and only minutes would be saved. In total, this would generate yearly benefits from EUR 88.2m to EUR 117.6m, spread across the many businesses involved in international trade, once full implementation is achieved.

Leading from this, mostly due to the expected benefits for economic operators, the overall benefits from time savings from this option are expected to be very significant, in the annual range of about EUR 102.0m to EUR 147.0m, once full implementation is achieved from year 8 onwards. During the implementation period in years 1-7 period, the envisaged benefits will be phased in, as the system is developed and gradually rolled out to the regulatory requirements that will be covered.

Table 21: Estimated benefits from Option 6

			Customs authorities	PCAs	EOs	Total
Time savings / affected declaration			5-10 minutes	2-5 minutes	45-60 minutes	N/A
Average labour cost / hour (€k)			0.024 (i.e. €24/hour)			
Average no of affected declarations (thousands)			4 899 (64% of declarations subject to relevant EU requirements)			
Annual benefits (€k)	Gradual implementation	Year 1	1 225-2 450	490-1225	11 023-14 698	12 738-18 372
		Year 2	2 450-4 899	980-2 450	22 047-29 396	25 476-36 745
		Year 3	3 674-7 349	1 470-3 674	33 070-44 094	38 214-55 117
		Year 4	4 899-9 799	1 960-4 899	44 094-58 791	50 953-73 489
		Year 5	6 124-12 248	2 450-6 124	55 117-73 489	63 691-91 862
		Year 6	7 349-14 698	2 940-7 349	66 140-88 187	76 429-110 234
		Year 7	8 574-17 148	3 430-8 574	77 164-102 885	89 167-128 606
	Year 8 onwards		**9 799-19 597**	**3 919-9 799**	**88 187-117 583**	**101 905-146 979**

Source: Extrapolations based on declarations data from the Member States participating in the project group, hourly costs based on Eurostat and OECD data and time estimates based on stakeholder interviews in eight Member States.

Cost-benefits analysis

While costly, option 6 is expected to generate extremely large benefits for economic operators. Taking into account incremental benefits for customs and partner competent authorities, it is envisaged that net benefits would be positive in year 1 or year 2, then rise considerably. Once fully operational, net benefits ranging from EUR 90.5m to EUR 139.8m would be expected.

Table 22: Cost-benefit analysis for option 6

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8+
Costs (-€k, low and high ranges except for EC costs)								
EC	5 000	5 000	5 000	5 000	5 000	5 000	5 000	3 000
MS customs and PCAs	7 000 14 000	7 000 14 000	7 000 14 000	7 000 14 000	7 000 14 000	7 000 14 000	7 000 14 000	4 200 8 400
Total costs	**12 000 19 000**	**12 000 19 000**	**12 000 19 000**	**12 000 19 000**	**12 000 19 000**	**12 000 19 000**	**12 000 19 000**	**7 200 11 400**
Benefits (€k, low and high ranges)								
MS customs	1 225 2 450	2 450 4 899	3 674 7 349	4 899 9 799	6 124 12 248	7 349 14 698	8 574 17 148	9 799 19 597
	490	980	1 470	1 960	2 450	2 940	3 430	3 919

MS PCAs	1 225	2 450	3 674	4 899	6 124	7 349	8 574	9 799
EOs	11 023 14 698	22 047 29 396	33 070 44 094	44 094 58 791	55 117 73 489	66 140 88 187	77 164 102 885	88 187 117 583
Total benefits	**12 738 18 372**	**25 476 36 745**	**38 214 55 117**	**50 953 73 489**	**63 691 91 862**	**76 429 110 234**	**89 167 128 606**	**101 905 146 979**
Net impact (€k, low and high ranges)								
Total	**-6 262 6 372**	**6 476 24 745**	**19 214 43 117**	**31 953 61 489**	**44 691 79 862**	**57 429 98 234**	**70 167 116 606**	**90 505 139 779**

Source: Analysis of cost and benefit data based on evidence collected from European Commission and Member States

Social and environmental impacts

Expectations from stakeholder, the business use cases and experiences of the US single window indicate that major improvements could be expected in all of the envisaged impact areas.

Better cooperation and coordination between authorities involved in goods clearance

This option calls for customs to act as a hub for receiving information from economic operators related to a range of non-customs regulatory requirements. Since customs authorities would be responsible for developing and forging agreement with partner competent authorities on business processes and models for the exchange of relevant data, by definition this would lead to increased coordination between them. More practically, once implemented, this option would increase harmonise data models between customs and partner competent authority systems, allowing them to share information more easily. This was described as a key benefit in the CHED-A business use case, as well as of the US single window.

Several customs authorities also favoured this option for its ability to improve cooperation and coordination between authorities in different Member States. By making the national single windows interoperable, it would be easier to share data across borders. Joint work on the single window would also lead to broader convergence, as authorities in different Member States would develop more trust and better understand each other's needs and concerns.

Improved risk management

Risk management relies on the timely provision of relevant data. By increasing the amount of electronic data obtained from economic operators as part of the pre-declaration, and making it easier to share among authorities both within and between countries, this option should improve risk management substantially. With few exceptions, stakeholders in most Member States agreed with this view, and saw it as a key selling point for this policy option. The business use cases showed that these expected improvements would be likely to materialise. For example, in the CHED-A case, it was noted that data harmonisation would allow customs authorities to develop more detailed profiles of economic operators for the purposes of risk analysis. Improved risk management has also been cited as a key outcome of the US single window.

Reduced instances of fraud and human error

Better sharing of information and increased digitalisation would allow customs and partner competent authorities to increase the use of automated documentary controls and improve risk management. In turn, controls could be better targeted and reduced in number, making it easier to catch illicit traders and minimise errors. These were considered as key benefits in both the CHED-A and FLEGT case studies. For example, the B2G pilot in the Czech Republic has reportedly reduced drastically the amount of forged FLEGT licenses.

The CHED-A use case emphasised that submitting key data and documentation only once would greatly reduce the scope for errors and mistakes. In addition, customs authorities in several Member States thought better coordination between customs and partner competent authorities would increase the use of joint controls, which are more effective and less error-prone than controls conducted in isolation by a single authority.

Better enforcement of and compliance with relevant regulatory requirements

The impacts described above would combine to improve enforcement of the non-customs regulatory requirements included in this option. As with the G2G options, enhanced B2G collaboration would improve the application of a number of highly sensitive regulatory requirements, leading to benefits for food safety, animal and plant health, climate, environmental protection, cultural heritage, organic products and fisheries. This would help level the playing field between Member States and, by increasing incentives for authorities across borders to trust each other, furthering the single market and objectives of the Customs Union.

Conclusions

This option has the biggest potential to facilitate trade and generate savings for economic operators. By giving them a single point of entry for the submission of customs and non-customs documents and data, simplifying processes and reducing the need to provide data multiple times, direct economic impacts for economic operators of EUR 77.1m to EUR 117.6m are expected yearly (once full implementation is achieved in 2028). Despite some uncertainty (which stems from the lack of hard evidence about exactly how much time would be saved), the benefits would be very substantial and are reflected in the positive views of economic operators towards this option. For customs and partner competent authorities, important efficiency gains (in the neighbourhood of EUR 9.8m to EUR 19.6m and EUR 3.9m to EUR 9.8m per year, respectively yearly) are also likely to be generated. Taking into account the costs and benefits for all stakeholders, the net direct economic impacts would be very large, from EUR 90.5m to EUR 139.8m per year.

Additional to this are the important social and environmental benefits that would result from the data harmonisation and interoperability, and more timely data availability,. For the 4.9m customs declarations that this option would affect once fully operational in from year 8 (covering about 64% of declarations subject to relevant EU regulatory requirements), this would lead to improved cooperation and coordination between authorities, better risk management, reduced fraud and errors and better compliance and enforcement.

8.3.4. Option 8

Stakeholder views

Stakeholders from partner DGs within the Commission and Member States have been consulted to gauge their perceptions towards extending the use of EORI beyond customs purposes. Both sets of stakeholders have expressed very positive views.

For partner DGs, the consultation took the form of a survey that was carried out in mid-2019 with DGs responsible for a number of regulatory requirements.[112] It asked respondents to (1) describe the existing arrangements for identifying traders; (2) describe priorities for identifying traders at EU level; (3) explain whether and why the existing

[112] These include Waste shipment (DG ENV), FGAS (DG CLIMA), COI (DG AGRI), Dual use licenses (DG TRADE), CHED (DG SANTE), firearms exports (DG HOME), AGRIM/AGREX (DG AGRI), Catch certificates (DG MARE) and the Maritime Single Window (DG MOVE).

arrangements were satisfactory, and (4) explain whether and why the use of EORI would suit their needs.

Answers to the first two questions were highly diverse and depended on the provisions and needs of the legislation in question. Some Member States already use EU systems (such as TRACES) for the purpose of identifying traders. While others have no such system, responses differed as to whether putting an EU system in place was a big priority (as was the case in the areas of waste shipment, fishing and organic products), or whether primary responsibility for this aspect lay with the Member States (as was the case for firearm exports and AGRIM/AGREX licenses).

Despite differences in existing arrangements and priorities, overall views towards extending EORI were very favourable. Fully nine of ten respondents felt that extending EORI to their domain would suit their needs. A wide range of likely benefits were recognised, from simplification, transparency and better security, to the elimination of procedural redundancies and increased efficiency.

Where there were doubts, these mainly centred on practicalities. Since EORI is currently used by economic operators who engage with customs authorities, extending the system to other domains would in some cases require additional operators to register for the system. Some of these economic operators are based in third countries, adding another layer of complication. Numbers were not available, but carrying out the necessary registrations would involve some minor administrative costs for authorities and economic operators. In some cases, it might also be necessary to amend the non-customs legislation involved.

Member State customs authorities were asked about their favourability towards EORI as part of a poll conducted during the High-level seminar on the EU Single Window environment for customs, which took place in Bucharest during May 2019. The poll was informal, focused on the simple question of "Should the use of EORI be extended to partner competent authorities in the context of the Single Window?" and, importantly, involved mainly customs authorities rather than partner competent authorities. Nonetheless, it is worth noting that nearly all (98%, or 82 of 84) respondents felt that EORI should be extended. This shows that enthusiasm for this option is very high among this key stakeholder group. Indeed, in the context of its national single window, one Member State (France) has already opened the use of EORI to partner competent authorities at national level for a number of non-customs regulatory requirements, and has reported positive experiences so far.

Direct economic impacts

Implementation and recurrent costs

This option can be conceptualised as a complement to any options it would be packaged with, and as such would entail only minor implementation and recurrent costs for the Commission, national customs and national partner competent authorities. Economic operators affected would already be registered in EORI and thus not incur additional costs..

On the **European Commission** side, since the EORI system already exists, the main implementation costs would relate to expanding the capacity of the system to handle increased traffic, and providing a certain amount of training and support to partner DGs. For these, the main costs would involve building the necessary connections to EORI, updating their systems to handle EORI data, and dealing with any necessary change management, training and support. Once fully implemented, only a small amount of ongoing support and maintenance would be expected above that which takes place for the system as it currently exists. According to estimates from DG TAXUD, it would take three years to make the necessary connections, at a cost of EUR 300 000 for the first year, EUR 250 000 for the second year and EUR 200 000 for the third year, after which yearly

operating costs of EUR 70 000 are foreseen. This would total EUR 1.0m for implementation during years 1-7, and EUR 70 000 annually from year 8 onwards.

For **Member State authorities**, the costs would be concentrated on the partner competent authorities who are not already using EORI. Since the system is developed and maintained at European level, these are expected to be relatively minor and focused on updating their systems so as to handle and use EORI data. Estimates (based on discussions with DG TAXUD and IT experts) put these at the same level as the Commission costs, spread across all EU Member States. The expected implementation and recurrent costs are summarised in the table below.

Table 23: Estimated implementation and recurrent costs for option 8 (€k)

	Implementation costs (years 1-7)	Recurrent costs (year 8 onwards)
EC	300 for year 1, 250 for year 2 and 200 for year 3, thereafter 70 / year (1 030 total)	70 / year
MS customs and partner competent authorities	300 for year 1, 250 for year 2 and 200 for year 3, thereafter 70 / year (1 030 total)	70 / year
Total	**600 for year 1, 500 for year 2 and 400 for year 3, thereafter 140 / year (2 060 total)**	**140 / year**

Source: Estimates based on figures from DG TAXUD for European Commission costs and Member State data and expert opinion for MS costs

Recurrent benefits

Option 8 is not expected to generate benefits on its own, but rather would incrementally increase the benefits of other options as part of a package where it is included. Based on feedback from the Commission and national officials, this is estimated as an increase of about 2.5% on top of the time savings that would be realised when coupled with other options. The text below explains this in terms of how option 8 would affect clearance processes for the different actors involved, followed by a table that summarises the expected benefits in monetary terms, in relation to the other policy options. For **customs authorities**, this option will make it possible to use a common identifier (i.e. the EORI number) for both customs declarations and supporting documents related to the regulatory requirements covered. This would save time by making it easier to verify different documents referring to the same economic operator, thereby reducing the time needed to conduct documentary controls.

For **partner competent authorities**, using EORI would connect them to the customs environment and thereby allow for better-planned and more efficient controls. For example, customs documents lodged with EORI could alert partner competent authorities of the arrival of consignments, giving them a better idea of the volume of incoming goods. Similarly, since each economic operator only has one EORI number, using it could reduce the number of duplicates in partner competent authority systems and time spent searching for relevant data. This option could also reduce the need to collect and review more than once the information that is common to customs and partner competent authority needs.

Economic operators would also be expected to benefit from minor process improvements, since customs and partner competent authorities will have less need to ask them for duplicate information. Moreover, as EORI becomes the unique identifier for dealings related to customs and key non-customs regulatory requirements, economic operators will avoid storing and accessing multiple registration information.

The table below summarises the likely benefits of option 8 in monetary terms. As mentioned, these would represent a small but meaningful additional benefit of about 2.5% on top of the benefits generated by the other options with which it could be paired.

Table 24: Estimated benefits from Option 8

			Option 1	Option 2	Option 6
Expected additional benefit on top of options with which option 8 is paired			2.5%		
Annual benefits, total for customs, PCAs, economic operators (€k)	Gradual implementation	2021	320-490	108-152	318-459
		2022	640-980	216-303	637-919
		2023	960-1 471	323-455	955-1 378
		2024	1 280-1 961	431-606	1 274-1 837
		2025	1 600-2 451	539-758	1 592-2 297
		2026	1 920-2 941	647-910	1 911-2 756
		2027	2 240-3 432	755-1 061	2 229-3 215
	2028 onwards		**2 560-3 922**	**862-1 213**	**2 548-3 674**

Source: Extrapolations based on declarations data from the Member States participating in the project group, hourly costs based on Eurostat and OECD data and time estimates based on stakeholder consultation.

Cost-benefit analysis

The low costs and incremental benefits of option provide a cost-effective way to further increase the efficiency of clearance processes. The net benefit would depend on the option package with which option 8 is coupled, but in all cases option 8 would be expected to generate net benefits after the first 1-2 years.

Table 25: Cost-benefit analysis for option 8

	2021	2022	2023	2024	2025	2026	2027	2028+
Costs (-€k)								
EC	300	250	200	70	70	70	70	70
MS customs and PCAs	300	250	200	70	70	70	70	70
Total costs	**600**	**500**	**400**	**140**	**140**	**140**	**140**	**140**
Benefits, total for customs, PCAs and economic operators (€k, low and high ranges)								
Paired with option 1	320 490	640 980	960 1 471	1 280 1 961	1 600 2 451	1 920 2 941	2 240 3 432	2 560 3 922
Paired with option 2	108 152	216 303	323 455	431 606	539 758	647 910	755 1 061	862 1 213
Paired with option 6	318 459	637 919	955 1 378	1 274 1 837	1 592 2 297	1 911 2 756	2 229 3 215	2 548 3 674
Net impact (€k, low and high ranges)								
Paired with option 1	**-280 -110**	**140 480**	**560 1 071**	**1 140 1 821**	**1 460 2 311**	**1 780 2 801**	**2 100 3 292**	**2 420 3 782**
Paired with option 2	**-492 -448**	**-284 -197**	**-77 55**	**291 466**	**399 618**	**507 770**	**615 921**	**722 1 073**
Paired with option 6	**-282 -141**	**137 419**	**555 978**	**1 134 1 697**	**1 452 2 157**	**1 771 2 616**	**2 089 3 075**	**2 408 3 534**

Source: Analysis of cost and benefit data based on evidence collected from European Commission and Member States

Social and environmental impacts

Consultation with the Commission and Member States indicates that this option would provide minor social and environmental impacts. By giving each other access, in some cases automatic access, to risk relevant data, both customs and partner competent authorities should be able to improve the robustness of risk management systems. Using EORI as a common identifier for customs and non-customs formalities related to international trade in goods should also help connect disparate pieces of information to individual economic operators. For example, in France (the one Member State where EORI is already used beyond customs, in the context of its national single window), customs and partner competent authorities have reportedly used their mutual access to eliminate duplicate and obsolete entries, reducing the amount of noise in the system and increasing its fidelity.

Conclusions

Overall, the preliminary evidence suggests that the extension of EORI offers a relatively low-cost way to supplement increase the benefits of any package of options. This would make it practically easier for customs and partner competent authorities to share information, while reducing the burden on economic operators. More specifically, the use of EORI would lead to efficiency gains, especially for the partner competent authorities who would be able to better plan and execute controls. Smaller benefits would also be expected for customs authorities able to get a hold of information more quickly, and economic operators, who would avoid providing certain information multiple times or dealing with multiple registration systems. Incremental social and environmental benefits for the over 4m customs declarations covered under option 1 would also be expected, through easier sharing and access to information by customs and partner competent authorities.

8.4. Summary of findings

The evidence presented in this chapter shows how the stakeholder views and expected impacts vary for each of the policy options investigated in depth. This section briefly summarises the findings, in terms of stakeholder feedback, direct economic impacts and social and environmental impacts, with a view to providing input to future decision-making.

As noted in chapter 7 on the policy options, any policy choice for future EU action would be comprised not of one policy option, but rather one of several packages comprised of options from the different categories as follows:

- Baseline scenario: under the baseline scenario, G2G collaboration would continue through voluntary use of EU CSW-CERTEX;

- G2G collaboration only: enhanced G2G collaboration could be pursued either through option 1 on its own, or option 1 combined with either or both of options 2 and 8 (i.e. option 1; options 1+2; options 1+8; options 1+2+8);

- G2G and B2G collaboration: to also pursue B2G collaboration, option 6 could be combined with any of the G2G choices listed above (i.e. options 1+6; options 1+2+6; options 1+ 6+8; options 1+2+6).

For the purpose of comparison and identification of the preferred option package, it would thus suffice to add up the impacts for options 1, 2, 6 and 8 as per the composition of the different packages.

8.4.1. Stakeholder views

Member State authorities and economic operators were consulted extensively on the different policy options. All stakeholders supported some form of EU action compared to the continuation of the baseline scenario. Looking at the specific policy options:

- Option 1: nearly unanimous support, based on the proven success of its processor project EU CSW-CERTEX, important expected benefits and relatively limited implementation costs.
- Option 2: only limited support, due to its complexity and high implementation costs, combined with relatively smaller benefits.
- Option 6: strong support. Economic operators appreciated its ability to deliver on the full single window concept by providing a single access point for dealing with both customs and non-customs clearance requirements and thereby facilitate trade. Member States, with the condition that implementation is gradual, accepted it as a compromise option that would see the EU as a catalyst for B2G collaboration and realise the benefits of harmonisation, while still allowing for some adaptation to national IT architectures and other specificities.
- Option 8: though limited in scope, support from nearly all stakeholders as a way to streamline processes for identifying economic operators and thereby add to the benefits of any final policy choice.

8.4.2. Direct economic impacts

For the four options analysed in depth, the table below summarises the direct economic impacts in terms of the expected net benefits compared to the baseline. As is clear, the net benefits increase rapidly during the 7-year implementation period as the different functionalities come online, reaching a maximum when full operations are achieved from year 8 onwards.

However, there are differences between the options. The most significant net positive impact would be expected from option 1 (which entails important economies of scale from the costs borne at European level), followed closely by option 6. Both of these options would be expected to generate major benefits in terms of simplified clearance processes and time and labour savings. Option 2 would also generate net benefits (after the first 1-3 years of implementation), but is very costly, especially for Member State administrations, while a lack of key functionalities (especially automated quantity management) would limit efficiency savings. This leads to a fairly small net positive impact. Finally, after some up-front costs, option 8 would be expected to generate incremental benefits when couple with any other options.

Table 26: Net benefits of the options analysed in depth

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8+
Net impact, total for customs, PCAs and economic operators (€k, low and high ranges)								
Option 1	4 598 13 459	17 396 33 069	30 193 52 678	42 991 72 288	55 789 91 897	68 587 111 507	81 384 131 116	95 822 151 956
Option 2	-12 688 -4 936	-8 376 1 128	-4 064 7 192	248 13 255	4 560 19 319	8 873 25 383	13 185 31 447	20 897 39 711
Option 6	-6 262 6 372	6 476 24 745	19 214 43 117	31 953 61 489	44 691 79 862	57 429 98 234	70 167 116 606	90 505 139 779
Option 8, Option 1	-280 -110	140 480	560 1 071	1 140 1 821	1 460 2 311	1 780 2 801	2 100 3 292	2 420 3 782

	Option 2	**-492** **-448**	**-284** **-197**	**-77** **55**	**291** **466**	**399** **618**	**507** **770**	**615** **921**	**722** **1 073**
	Option 6	**-282** **-141**	**137** **419**	**555** **978**	**1 134** **1 697**	**1 452** **2 157**	**1 771** **2 616**	**2 089** **3 075**	**2 408** **3 534**

Source: Analysis of cost and benefit data based on evidence collected from European Commission and Member States

8.4.3. Social and environmental impacts

The social and environmental impacts of the options are similar in nature and were assessed in qualitative terms. Compared to the baseline, all options would enhance cooperation and facilitate the sharing of information between the authorities responsible for goods clearance, allowing for improvements to risk management processes and reduced instances of fraud and human error. These benefits would in turn generate improved compliance and enforcement of the non-customs legislation falling under the scope of given option packages.

Within this similar causal chain, the specificities of the individual options mean that the expected benefits would differ as follows:

- Option 1 would be responsible for the largest social and environmental impacts compared to the baseline, by generating major advances in collaboration, information-sharing and risk management.
- Option 6 would also generate important benefits, since it would result in increased data harmonisation and interoperability that would be impossible otherwise.
- In contrast, the benefits of option 2 are relatively limited, because it would not extend key functionalities, such as automated quantity management, to the regulatory requirements that it covers.
- The positive impacts of option 8 within are also meaningful but (in line with its low cost) relatively minor, since option 8 only enables incremental improvements in the ability of customs and partner competent authorities to identify traders.

9. CONCLUSIONS

The present study set out to provide **analytical support for an impact assessment on a future EU Single Window environment for customs**. This has entailed significant efforts to gather and analyse the necessary evidence. In addition to desk research on such issues as international trade in certain goods, the study drew on extensive consultation of Commission officials from DG TAXUD and the partner DGs responsible for relevant non-customs regulatory requirements, Member State customs and partner competent authorities, trade associations and individual businesses. The breadth and complexity of the issues at stake, and sensitivity of some areas of interest (particularly costs for IT infrastructure and time needed for certain types of goods to clear) meant that precise quantitative data was more difficult to obtain than was initially expected. Nonetheless, by triangulating between different sources, validating results with key stakeholders and extrapolating from the data that was available, the study has been able to draw robust conclusions across several areas that will serve as a good bases for the future impact assessment.

The most important conclusions are summarised below. Overall, the Study showed that (1) the existing situation is sufficiently problematic as to merit new action; (2) that the EU is competent and well-placed to carry out this action; and that coherent sets of (3) policy objectives and (4) options can be defined within the EU's room for manoeuvre. The study also investigated the likely impacts of these policy options, demonstrating that EU action could generate significant positive impacts of an economic, social and environmental nature, thereby contributing to the objectives and making progress towards solving the problems identified.

The study team was not asked to address the remaining elements of the impact assessment, namely the comparison of the options, identification of the preferred options, development of operational objectives, and plans for monitoring and evaluation. The following conclusions thus serve to provide a foundation (alongside other sources) for the Commission in its continued work to develop the new initiative.

- **Problem definition**: the smooth flow of cross-border trade requires customs clearance and control procedures that are efficient while ensuring safety and security. In part, this is being achieved through the electronic systems mandated in the Union Customs Code, which aim to replace paper format customs procedures with EU-wide electronic ones. A significant part of these systems will be in place by 2020. However, more than 60 non-customs EU acts (in sanitary, phyto-sanitary, environmental, fisheries, cultural heritage etc.) must also be enforced at external borders. These require documents other than the customs declaration and affect up to 13% of the nearly 300 million of the most sensitive goods movements each year[113]. Due to residual paper-based processes, and lacking interoperability and coordination among authorities (both between and within EU Member States), many of these movements are processed in ways that are inefficient as well as conducive to error and fraud. Moreover, the problem is unlikely to get better without express new action. National efforts are often piecemeal and, due to the proliferation of different solutions and inherently cross-border nature of international trade, could even exacerbate the problem inadvertently. The most relevant EU initiative, EU CSW-CERTEX, has had notable success, demonstrating the viability of the single window concept and improving the situation for some stakeholders. However, its voluntary nature and limited scope act as brakes on its potential to achieve major gains.

- **Rationale for EU action**: Articles 33 and 114 of the Treaty on the Functioning of the European Union give the competences for action in this area. It also passes the

[113] Based on 2016 declarations data from DG TAXUD and feedback from Member State administrations.

subsidiarity test, given the transnational nature of the problems and EU ability to address these through coordinating action, stemming fragmentation and generating economies of scale, in addition to the demonstrated inadequacy of existing action. An EU Single Window environment for customs is also consistent with the body of EU policies and goals, and is favoured by a broad spectrum of stakeholders at different levels.

- **Policy objectives**: leading from the problems identified and suitable areas for EU action, a future initiative could pursue specific objectives related to enhancing inter-governmental and -agency cooperation, improve the enforcement of cross-border regulatory requirements and simplify goods clearance processes for economic operators. This would feed into a general objective focused both on improving regulatory compliance and facilitating trade in the single market.

- **Policy options and impacts**: in addition to the baseline scenario, a series of eight policy options were identified in close collaboration with DG TAXUD, partner DGs, Member State customs administrations and trade associations. These fall into three broad categories, for (1) government-to-government, back end cooperation focused on making it easier for customs and partner competent authorities to share information; (2) business-to-government, front end cooperation aimed at improving economic operators' interactions with customs and partner competent authorities; and (3) a cross-cutting option aimed at streamlining the way customs and partner competent authorities identify and store information on economic operators. A screening exercise determined that four of these were viable and worth retaining for in-depth analysis. Below is an overview of these and their likely impacts, which are spreads across the Commission, national customs authorities, partner competent authorities and economic operators dealing with international trade, in addition to society as a whole.

Overview	Expected impacts
Category I: government-to-government, back-end cooperation to make it easier for customs and partner competent authorities to share information	
Option 1: makes EU CSW-CERTEX mandatory, increases its functionality (to include features such as automated quantity management) and expands coverage to all non-customs regulatory formalities for which relevant information required by customs for clearance is available at central level. **Coverage**: circa 4.1m declarations per year (54% of declarations subject to relevant EU requirements)	**Direct economic impacts**: EUR 95.8m to EUR 152.0m annually once fully operational **Social and environmental benefits**: largest social and environmental impacts compared to the baseline, by generating major advances in collaboration, information-sharing and risk management.
Option 2: allows for the exchange of information for EU regulatory formalities handled through national systems, by creating links between partner competent authority electronic systems and national customs systems, and onwards to EU CSW-CERTEX to facilitate exchange between Member States. **Coverage**: circa 2.7m declarations per year (35% of declarations subject to relevant EU requirements)	**Direct economic impacts**: EUR 20.9m to EUR 39.7m annually once fully operational **Social and environmental benefits**: relatively limited, because it would not extend key functionalities, such as automated quantity management, to the regulatory requirements that it covers.

Category II: business-to-government, front-end cooperation aimed at improving economic operators' interactions with customs and partner competent authorities.	
Option 6, interoperable national single windows: each Member State to establish an integrated declaration system that would allow for joined up submission by economic operators of information required by customs and partner competent authorities for a range of EU regulatory formalities. This allows for delivery of the full single window concept, and would require the Commission to play a steering role. **Coverage**: circa 4.9m declarations per year (64% of declarations subject to relevant EU requirements)	**Direct economic impacts**: EUR 98.5m to EUR 139.8m annually once fully operational **Social and environmental benefits**: important benefits, since it would result in increased data harmonisation and interoperability that would be impossible otherwise.
Category III: Expansion of the use of EORI	
Option 8: to facilitate collaboration between the different authorities involved in border management, EORI will be opened up so that partner competent authorities can use it for validation purposes. **Coverage**: dependent on category I and category II options with which paired	**Direct economic impacts**: Annually once fully operational: With option 1: EUR 2.4m to EUR 3.8m; With option 2: EUR 722 000 to EUR 1.1m With option 6: EUR 2.4m to EUR 3.5m **Social and environmental benefits**: meaningful but (in line with its low cost) relatively minor, since option 8 only enables incremental improvements in the ability of customs and partner competent authorities to identify traders.

ANNEXES

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Abbreviations and acronyms

AEO	Authorised Economic Operator
AGREX	Agriculture Refund Expenditure
AGRIM	AGRIiculture IMport license
B2G	Business-to-Government
CA	Customs authority
CED	Common Entry Document for Feed and Food of non-Animal Origin
CEFIC	European Chemical Industry Council
EU CSW-CERTEX	EU Customs Single Window – CERTificates EXchange
CHED-PP	Common Health Entry Documents for Plants, Plant Products and Plant propagating material
CLECAT	European Association for Forwarding, Transport, Logistics and Customs Services
COI	Certificate of Organic Inspection
CVED-A	Common Veterinary Entry Document-Life Animals
CVED-P	Common Veterinary Entry Document-Products of Animal Origin
DG	Directorate-General
DG AGRI	Directorate-General for Agriculture and Rural Development
DG CLIMA	Directorate-General for Climate Action
DG ENV	Directorate-General for Environment
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG MOVE	Directorate-General for Mobility and Transport
DG SANTE	Directorate-General for Health and Food Safety
DG TAXUD	Directorate-General for Taxation and Customs Union
DG TRADE	Directorate-General for Trade
eIDAS	Electronic Identification, Authentication and trust Services
EORI	Economic Operator Registration and Identification
F-gases	Fluorinated greenhouse gases
FLEGT	Forest Law Enforcement, Governance and Trade
FTE	Full-time equivalent
G2G	Government-to-Government
GUN	Guichet unique national
ICS2	Import Control System 2
IPCSA	International Port Community System Association
ISG	Interservice Steering Group
MS	Member State
MRN	Movement Reference Number
NGO	Non-Governmental Organisation
ODS	Ozone-Depleting Substances

PCA	Partner Competent Authority
SME	Small- and Medium-sized Enterprises
SWOT	“Strength, Weaknesses, Opportunities, Threats”-analysis
UCC	The Unions Customs Code
UEAPME	European Association of Craft, Small and Medium Sized Enterprises
UNECE	The United Nations Economic Commission for Europe
UUM&DS	Uniform User Management & Digital Signatures
WCO	World Customs Organisation
WSR	Waste Shipment Regulation
WTO	World Trade Organisation

INTRODUCTION

The remainder of this document contains the supplementary annexes for the Assignment, in the form of:

- Annex A: Analysis of the survey on the policy options;
- Annex B: Analysis of the public consultation results;
- Annex C: Full case study reports on the Czech Republic, France, Ireland, the Netherlands and Spain, in addition to abbreviated case studies for Germany, Italy and Romania;
- Annex D: Business-to-government use cases on the import of live animals, forest management and waste shipment;
- Annex E: Estimated volumes of customs declarations that would be affected by the policy options examined in depth.

ANNEX A: ANALYSIS OF THE SURVEY TO THE PROJECT GROUP MEMBERS ON THE POLICY OPTIONS

Introduction

This report provides an analysis of the results of a survey that was carried out as part of the study to support the impact assessment of the initiative for developing an EU Single Window environment for customs. The survey was distributed in September 2018 and concerned the policy options that have been defined for the impact assessment. It was sent to the 19 Member States and six trade associations participating in the Customs 2020 project group "to study a possible framework to develop the EU Single Window environment for customs including the legal context" (hereafter referred to as the 'project group').

The survey asked respondents to answer multiple-choice questions on the policy options according to their political and technical feasibility, as well as overall desirability. They were also invited to expand on their answers in open text boxes. 16 of the 19 Member States and four of the six trade associations responded to the survey.[114] The points below summarise the key findings, and are followed by a more detailed analysis.

As a reminder, seven policy options have been defined for the impact assessment, in addition to a continuation of the baseline scenario. Options 1-4 are about government-to-government (G2G), back-end collaboration and focus on aligning the electronic systems used to enable the verification of compliance with requirements on the cross-border movement of goods. These options are distinguished mainly by the categories of regulatory requirements they would include, and they are not mutually exclusive, meaning a potential Single Window environment for customs could include a combination of the different options. Options 5-7 are mutually exclusive and refer to different ways of organising business-to-government (B2G), front-end cooperation to streamline reporting processes for the economic operators when dealing with the regulatory requirements mentioned above. The options are described in more detail in section 6 of the main study report.

Summary of key findings

- In general, there is a clear will for new EU action both among Member States and trade associations. Among the options presented to respondents, a continuation of the baseline scenario clearly emerged as the least desirable. Preferences about the potential scope of a new initiative were diverse. Some respondents pushed for more ambitions action, while others focused more on the need to fit any new action alongside existing initiatives and commitments at national and EU levels.
- Regarding the G2G solutions, Option 1 is the most preferred option, both by the Member States and the trade associations. The Member States especially prefer this option since it would require the least changes to legislation and IT infrastructure, making it the most politically and technically feasible. By essentially making participation in CERTEX obligatory, it is also seen as a major improvement on the current situation. Option 2 also received strong support from about half of the Member States. The other G2G options were seen as less feasible and were therefore not prioritised to the same extent. Importantly, rather than distinguishing between the options, the trade associations simply pushed for including as many regulatory requirements as possible in any new initiative.
- Concerning the B2G solutions, Option 6 was overall the most favoured option among the Member States and indeed is the only option other than the baseline scenario that received mostly favourable scores regarding its technical and

[114] Some of the Member States / Trade associations did not want to be referred to by name in the report, which is the reason to why we only refer to exact respondents in certain cases.

political feasibility. Option 7 was also preferred by several Member States, as well as being the favourite among trade associations.

Survey responses: Overview of Member State responses

G2G Options

Figure A.1: Favourability towards G2G solutions on scale of 1-5 (5 being highest)

Source: Survey of Member States taking part in the project group, 15 responses for most questions, 16 for overall desirability of option 4.

Three key points were clear from the survey response. First, there is a **uniform will among the Member States for new EU action to improve the current situation.** Option 0, which denotes the continuation of the baseline scenario with no new EU action, was by far regarded as the least desirable option. Interestingly, the baseline scenario received mixed answers regarding its political feasibility, with seven Member States giving this the highest rating and six Member States giving it the lowest rating. This indicates political pressure to improve the current situation at least in some Member States, but it also shows the complexity of realising a joint project for Member States with diverse prerequisites (such as trading profile and administrative set-up) and political priorities. The Czech Republic and Germany both commented that Option 0 would be ineffective since it means that it would still be voluntary for Member States to participate in the CERTEX project, making it impossible to implement highly desired features such as quantity

management. Similarly, the Member State stressed that Option 0 would not support the country's efforts in digitising the national customs system.

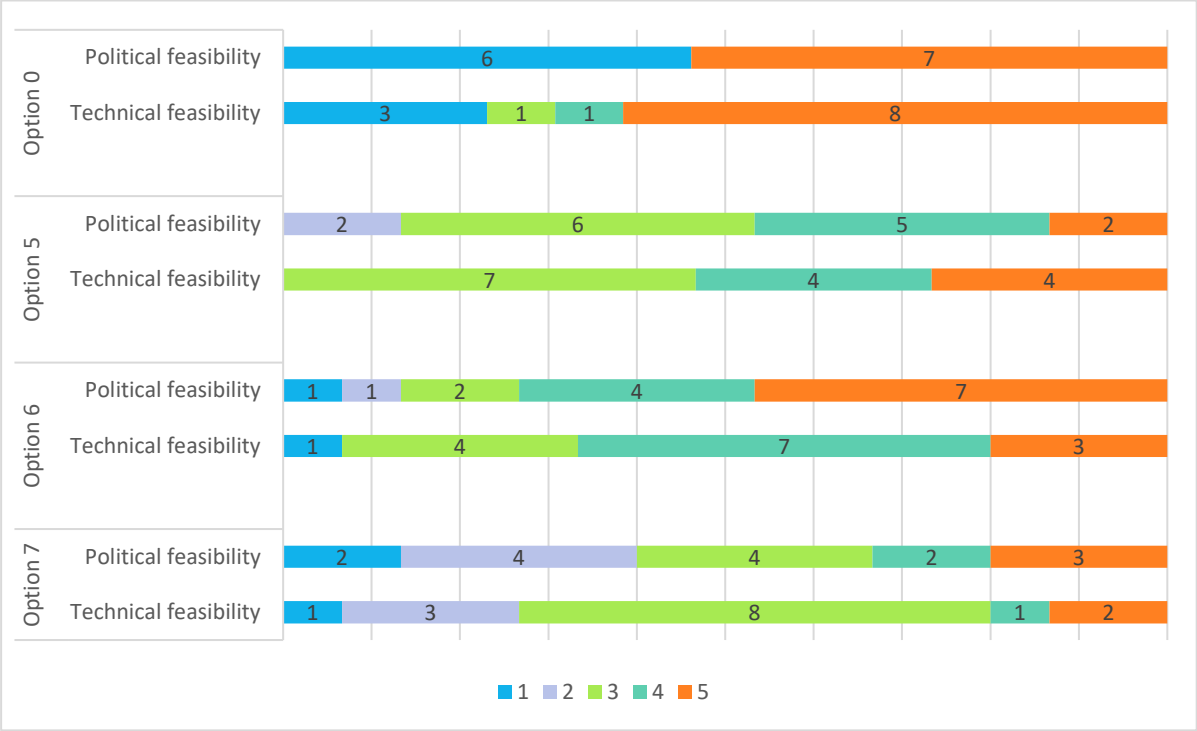
Second, the **Member States showed a clear preference for Option 1**, which focuses on regulatory requirements managed through EU electronic systems. This was the main priority for respondents, with fully 12 of 15 respondents rating its overall desirability highly, and similar scores for its political and technical feasibility. As opposed to the other options (especially Options 3 and 4), Option 1 requires fewer legislative changes, which makes it more straightforward to implement. Due to its relatively low demands on the Member States, Option 1 also enables Member States to focus on the obligatory IT projects related to the Union Customs Code, an issue that was underlined by both Germany and Luxemburg. In order to increase the scope of the initiative, one Member State (Germany) felt that rather than pursuing options 2-4, it would be preferable to increase the number of regulatory requirements dealt with through DG SANTE's TRACES system.

Option 2 (on EU regulatory requirements managed through national electronic systems) also received strong support, with positive views from half of the Member States, this was especially evident among smaller Member States, since with fewer national-level actors to coordinate the possibility for economies of scale is higher. In contrast, larger Member States such as Germany considered this option difficult to implement due to national legislation and the country's administrative organisation.

Finally, options of 3 and 4 received far less enthusiastic ratings and comments. The options are discussed as interesting in theory, but not realistic in practice due to e.g. required changes to national legislation, high IT costs and a lack of political will. One-off IT development costs were also a cause of concern regarding these options. For example, Latvia commented that some of the relevant partner competent authorities in the country only deal with a very small number of regulatory requirements. This means that the cost for developing a new IT system for them would likely not be proportional to the potential benefits.

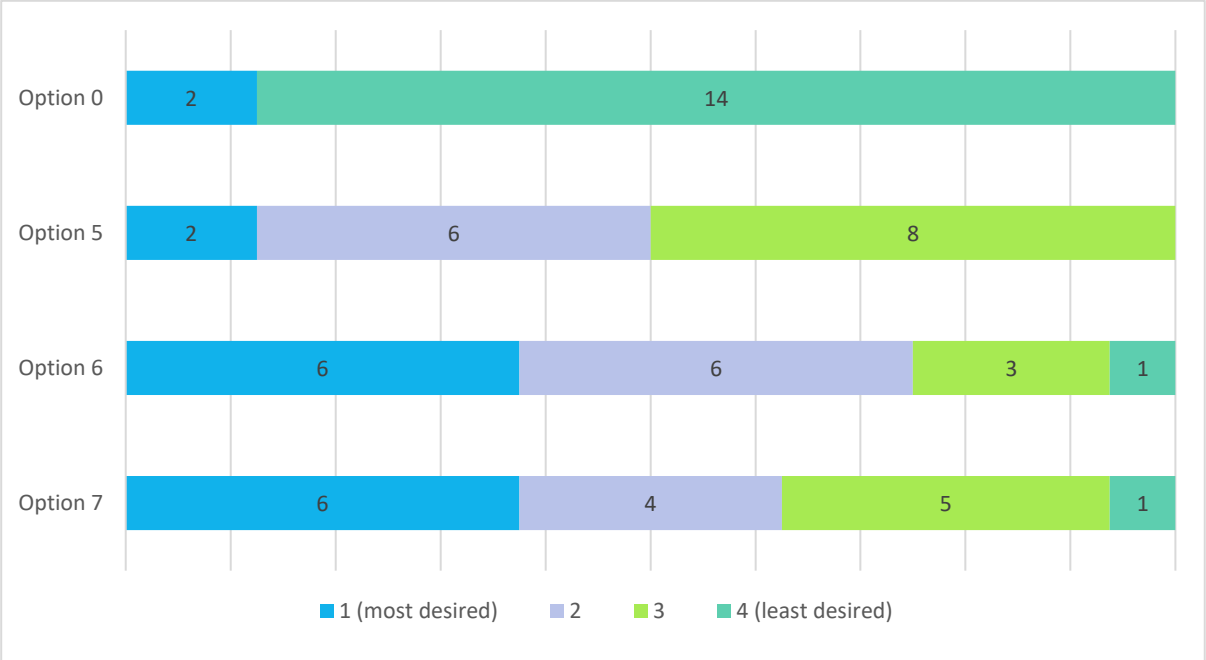
B2G Options

Figure A.2: Political and technical feasibility of B2G solutions (5 being highest)[115]



Source: Survey of Member States taking part in the project group, between 13 and 15 responses depending on number of Member States opting to answer each question.

Figure A.3: Overall ranking of B2G solutions on scale of 1-5 (1 being most desired)



Source: Survey of Member States taking part in the project group, 16 responses.

[115] Unlike the findings on the G2G solutions, the findings on the B2G options have been separated into two figures: one on political and technical feasibility (figure 2) and one on overall desirability (figure 3). This is due to the different rating scale used for the different questions.

As with the G2G options, there is a **common will among the Member States for new EU action to improve the B2G side**. 14 out of 16 responding Member States regarded the baseline scenario as the least desired option, with also six Member States grading the option as politically unfeasible. This indicates that there is also a political will in these Member States for further EU action.

While preferences were diverse, **Option 6 (on interoperable national Customs Single Windows) emerged as the clear favourite** (taking into account first- and second-choice rankings). It was also the only B2G option (other than the baseline scenario) receiving mostly favourable ratings for technical and political feasibility. This owed in large part to its flexibility, which allows Member States to pursue their own paths while benefiting from a degree of standardisation that would benefit traders. Option 7 (on a single EU Customs Single Window trader portal) was the second-most preferred option, while option 5 (on a common management portal) received the least enthusiasm other than the baseline scenario.

However, options 5-7 all raised **major concerns about technical and political feasibility**. This was visible from the open-text responses. For example, Latvia stressed e.g. that no economic operators in the country have their own IT-systems, which is the reason to why an IT-system-to-IT system approach would not be possible. Latvia further saw issues regarding the feature of having the customs authority as a hub for receiving relevant information from economic operators on behalf of the partner competent authorities. Germany reiterated this latter point, leading it (unlike most of the other responding Member States) to rate Option 6 as not at all political nor technical feasible. This was explained by Germany wanting to respect the partner competent authorities' leadership of specific regulatory requirements, which is linked to the country's division of administrative responsibilities. Germany also stressed that there is no evidence showing likely benefits for economic operators, especially above existing national initiatives.[116]

Survey responses: Overview of Trade Association responses

Among trade associations, five responses were provided, although only four of these included answers for all questions.

G2G Options

Table A.1: Overall ranking of G2G solutions on scale of 1-5 (5 being most desired)

	Baseline	Option 1	Option 2	Option 3	Option 4
TA 1	1	3	3	3	3
TA 2	1	4	5	3	5
TA 3	1	5	4	2	3
TA 4	5	4	3	1	2

Source: Survey to trade associations, four responses

Similar to the Member States, **there is a strong will among the trade associations for new EU action.** Three out of four trade associations regard the baseline scenario of no further EU action as the least desired option and believe that **all the other options would to some extent make clearance processes quicker and smoother** for their members. Distinctions between the options were then less clear among trade associations than among the Member States. After a modest preference for option 1, options 2 and 4 followed closely behind, with option 3 seen as the lowest priority. Indeed, the open responses showed that, rather than distinguishing between *types* of regulatory requirements, trade

[116] For example, Germany's Automated tariff and local customs clearance system (ATLAS), which already allows two partner federal competent authorities to communicate with each other and to some extent also economic operators to report on certain goods.

associations simply wanted to include as many requirements as possible in a future single window. Obligatory participation in the CERTEX project was also seen as very important.

B2G Options

Table A.2: Ranking of technical feasibility of B2G solutions on a scale 1-5 (5 being highest)

	Baseline	Option 5	Option 6	Option 7
TA 1	1	4	'2 up to 4'	4
TA 2	No feasibility scores provided			
TA 3	3	4	2	2
TA 4	No feasibility scores provided			

Source: Survey to trade associations, four responses

Table A.3: Ranking of overall favourability of B2G solutions on a scale from 1-4 (4 being least desirable)

	Baseline	Option 5	Option 6	Option 7
TA 1	4	3	2	1
TA 2	4	3	1	2
TA 3	3	1	4	2
TA 4	4	3	2	1

Source: Survey to trade associations, four responses

As with the G2G options, the priority for trade associations was to make clearance processes smoother for their members. Unsurprisingly, this translated into a **clear preference for option 7 for a single EU Customs Single Window trader portal**. However, this solution was not regarded as very technically feasible by one trade association (and left uncommented regarding its technical feasibility by two associations). This indicates an understanding and recognition among the trade associations that even if Option 7 would be very desirable in theory, it might not be that easy to put through in practice due to legislation and required IT developments. This understanding was further confirmed by two of the trade associations' most favoured choice of Option 6, with the explanation of this option having the greatest chance to succeed.

ANNEX B: ANALYSIS OF THE PUBLIC CONSULTATION RESULTS

Overview

This Annex provides the analysis of the results of the Public Consultation (PC) carried out in the framework of the Assignment. The PC was launched on 9 October 2018 and it remained open until 17 January 2019, for a total of just over 14 weeks (i.e. for longer than the usual 12 weeks, to take into account of the winter period). A total of 381 responses were received from 23 MS.

The PC questionnaire consisted of 24 questions, divided into three sections, including one general section about the respondent's profile, one section focusing on the respondents' experience with cross-border operations, and one gathering the respondents' opinion on potential policy measures. Stakeholders could upload additional documents at the end of the questionnaire.

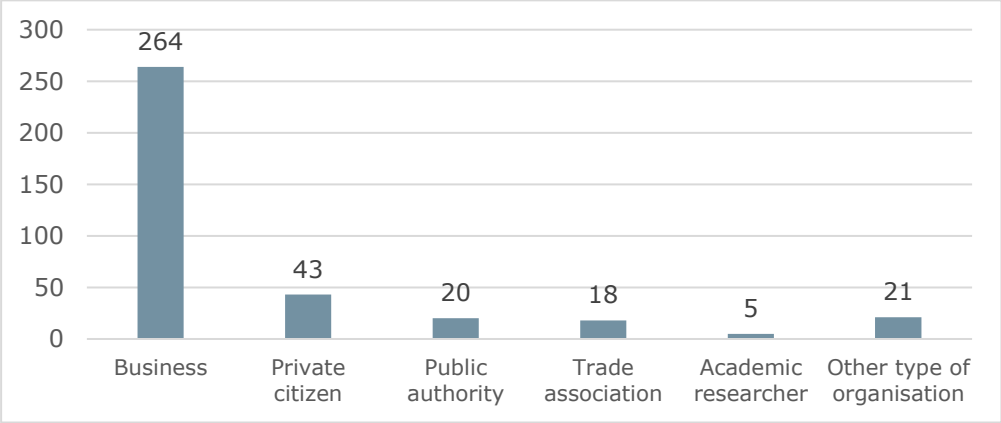
Several questions included in the first two sections did not apply to all types of respondents, since they inquired businesses' and organizations' experience with customs and custom procedures. Consequently, and also due to the fact that several questions were not mandatory, the number of respondents varies from question to question.

The Annex reproduces the structure of the questionnaire. For every question, the statistics of responses and a brief descriptive commentary are provided.

General section

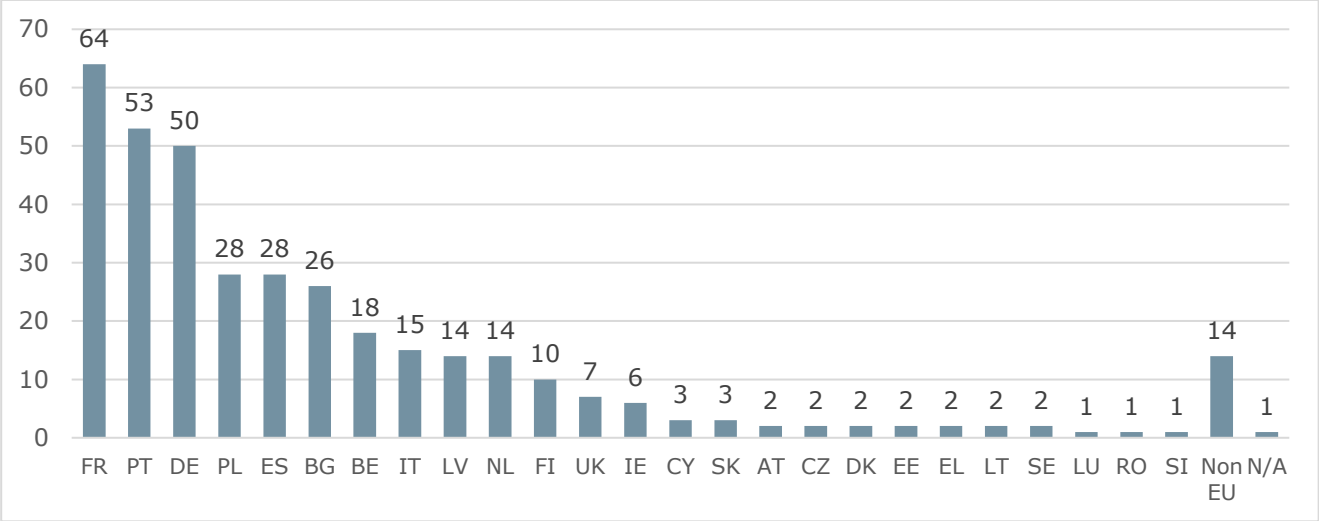
A total of 381 responses were registered for the PC, of which 10 responses were declared invalid due to double entries and empty responses, hence resulting in ***371 valid responses*** that were used for the analysis. The majority of respondents to the PC (264) identified as businesses, while 18 represented trade associations. Another 43 respondents answered to the PC as private citizens, while a smaller number was recorded for academic researchers (5). Finally, 21 respondents identified as 'other type of organization', which includes mostly business representative and service providers, in a number of cases operating in the custom field.

Figure B.1: Question #2.3 Which of the following best describes you?



In total, ***25 EU Member States are represented within the PC***. Most respondents came from France (64), Portugal (53) and Germany (50). In addition to responses from EU MS, 14 responses from outside the EU were recorded, mostly from Switzerland (5) and FYR Macedonia (5).

Figure B.2: Question #2.6 Where do you live? / In which country is your business or organization based?

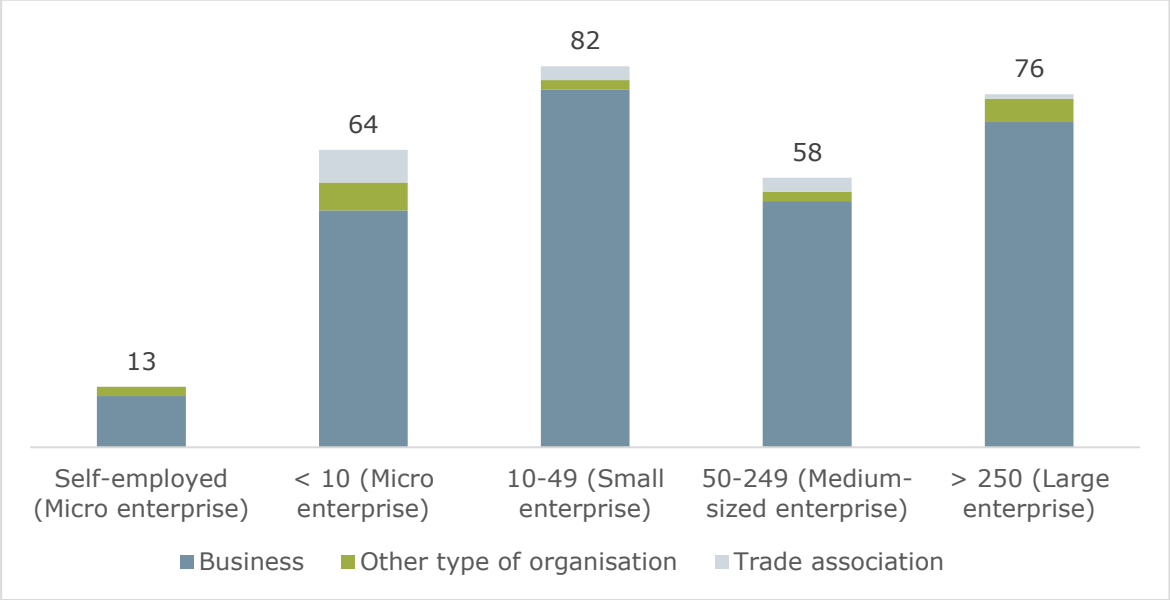


Businesses, trade associations, and other organizations were also asked to report on their sector or activity, on the number of employees, and on whether they had been granted the AEO status. ***Manufacturing, retailing and wholesale business is the single most represented activity*** (124 respondents). However, ***nearly 150 respondents were involved in at least one custom-related activity*** (including customs agents, representatives, and brokers; shipping and transport agents; importers and exporters; and port operators). Businesses or organizations involved in raw materials were also represented (31 respondents), while other sectors/activities, such as IT specialists, trade organizations, and constructions were less common. Other sectors and activities included in particular tax, legal, or other consultancy services (6 respondents).

Figure B.3: Question #2.7 Which of the following sectors/Activities most relate to the work of your business/organisation?

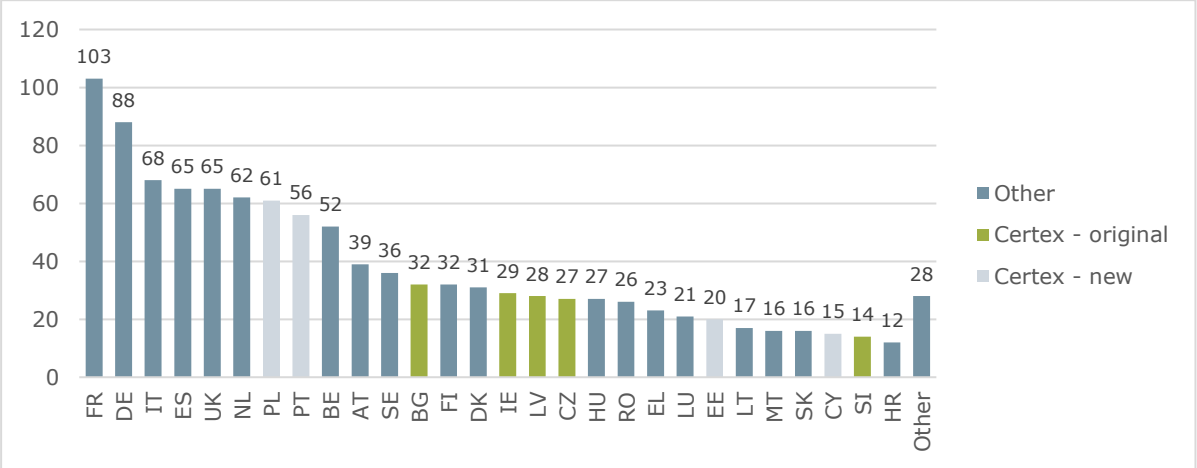
Three quarters of businesses and organizations responding to the PC are micro, small, or medium entities (referred to as MSME thereinafter). Small enterprises alone are the largest segment of the respondents, with 77 businesses, and five trade associations and organizations belonging to the group.

Figure B.4: Question #2.8 How many employees does your business/organization have?

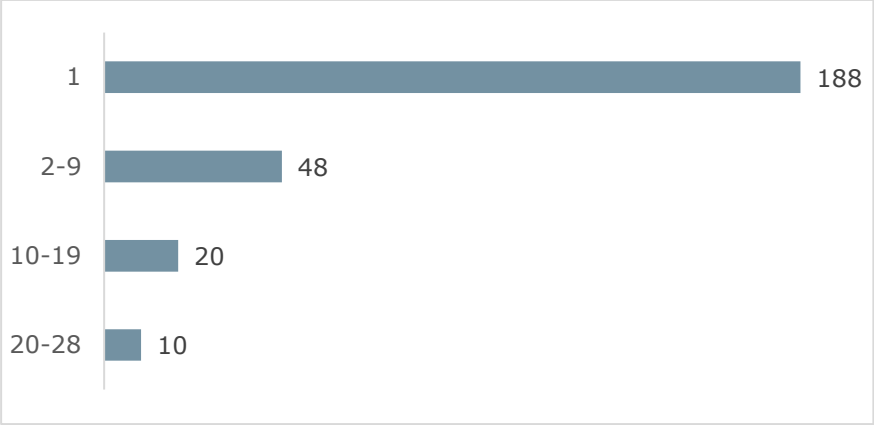


Over 100 businesses/organisations deal with customs operations in France, followed by Germany, with 88 respondents. Other large countries, such as Italy, Spain, and the UK are also represented, followed by the Netherlands, Poland, and Portugal. Notably, none of the first six countries is participating in CERTEX as of early 2019. China (14 respondents) and the USA (9 respondents) are the most represented non-EU countries. ***The vast majority of businesses/organisations deal with customs operations in one Member State only***, while less than 50 do so in less than 10 Member States. Only 10 respondents reported that they deal with customs operations in 20 or more EU Member States.

Figure B.5: Question #2.9 In which countries does your business/porganisation deal with customs operations?

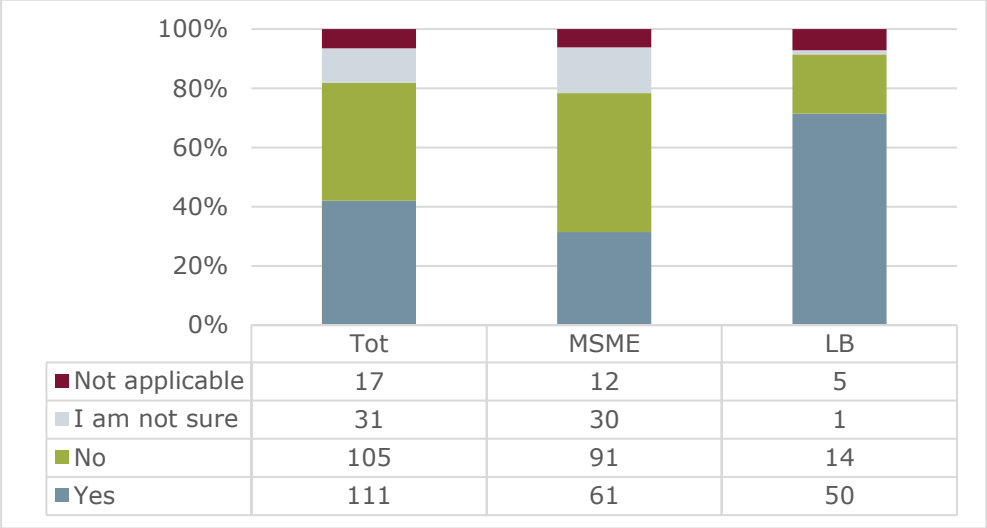


Elaboration of Question #2.9 – Number of Member States in which the business/organisation deals with customs operations.



Overall, ***40% of business responding to the PC have the AEO status***, while another 40% do not. The share is much higher for large businesses, with 50 out of 70 respondents having the AEO status.

Figure B.6: Question #2.10 Has your business/organisation been granted the Authorised Economic Operator (AEO) status?



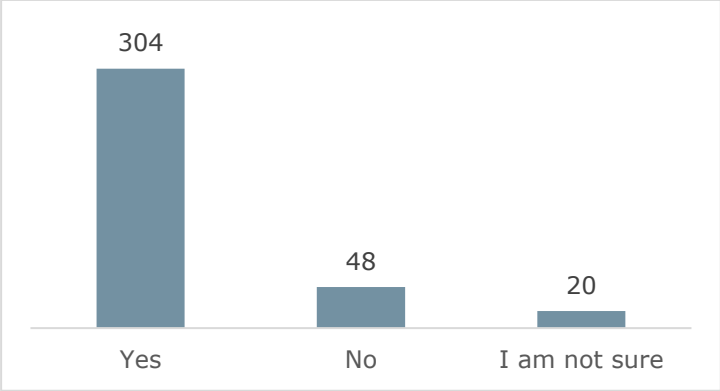
	Tot	MSME	LB
Not applicable	17	12	5
I am not sure	31	30	1
No	105	91	14
Yes	111	61	50

Experience of cross-border transactions

Section 3 of the PC dealt with respondents' involvement in and experience with cross-border operations.

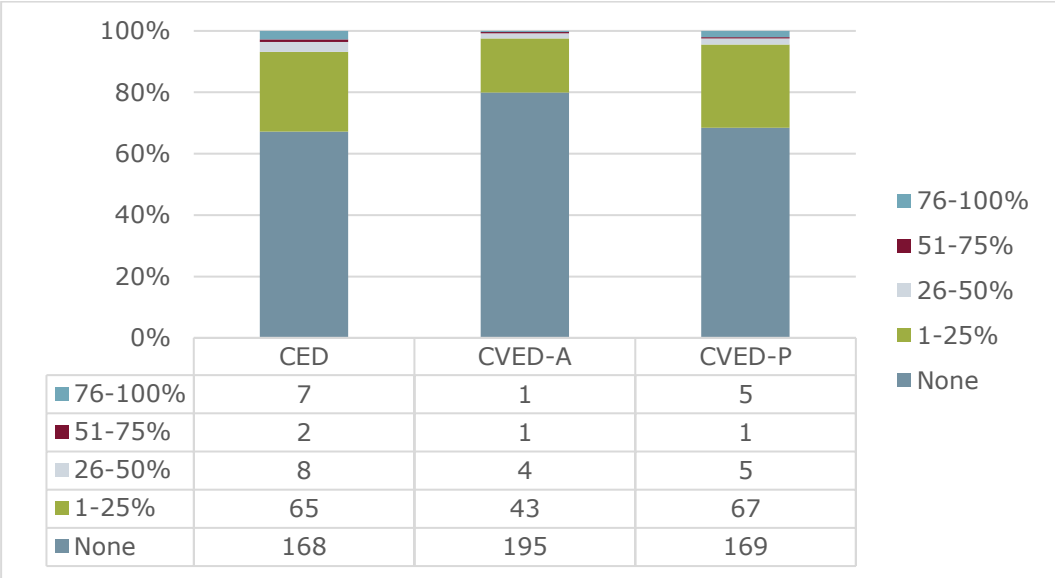
Over 80% of respondents reported that they are involved in customs operations, while only 48 respondents, or 13% of the total, reported they are not involved in cross-border transactions. The share is very similar when only businesses are considered, and when, among them, only SME are considered.

Figure 9: Question #3.1 Are you involved in customs operations and/or other regulatory formalitis related to the movement of goods across borders?



Among the businesses and organizations involved in cross-border operations, ***between one fifth and one third report that their customs declarations involve CED, CVED-A, or CVED-P***, and a sheer minority that this happens for more than 25% of declarations. Among the three, CED seems to be the most frequently used, while the figures are the lowest for CVED-A.

Figure B.7: Question #3.2 What proportion of your business/organisation's customs declarations involve the health certificates listed below?[117]

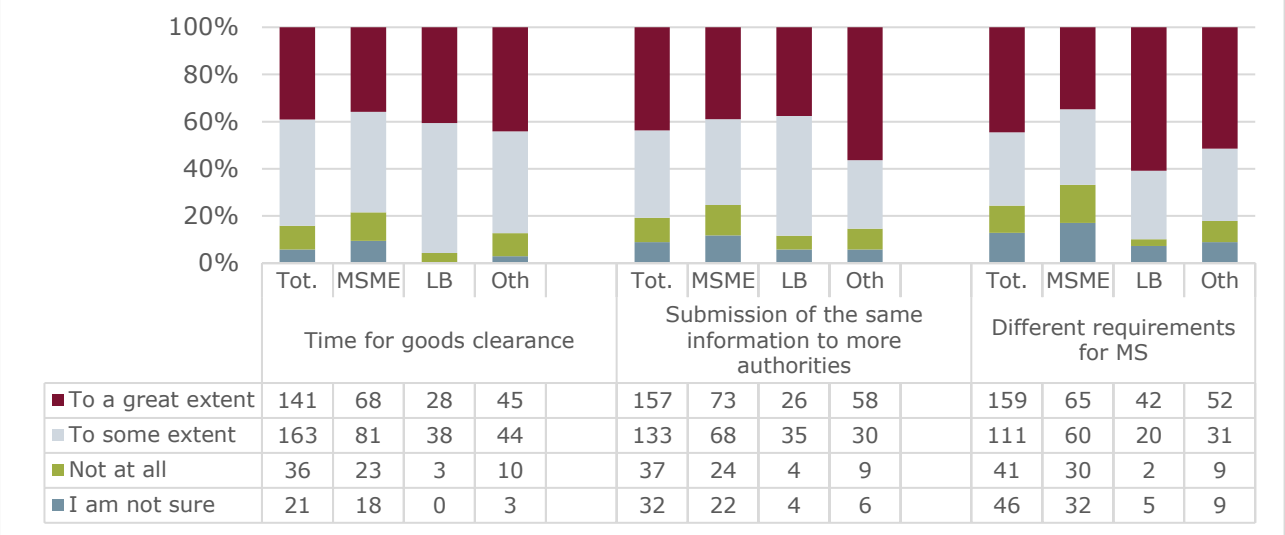


	CED	CVED-A	CVED-P
76-100%	7	1	5
51-75%	2	1	1
26-50%	8	4	5
1-25%	65	43	67
None	168	195	169

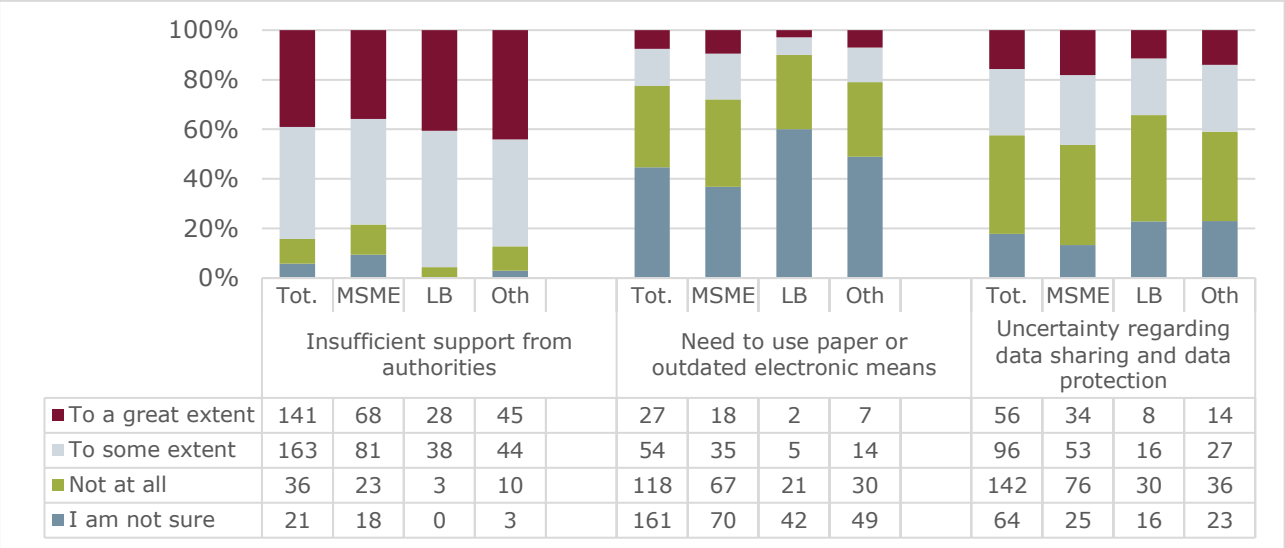
Several issues negatively affect the organisations involved in cross-border operations, including the amount of time required for good clearance and insufficient support and guidance from authorities, the need to submit the same information and related documentation to more than one authority for the same movement of good, and the different data requirements for different Member States. Other issues, such as uncertainty regarding data sharing and protection and the inappropriate use or re-use of customs certificates, are also recognized as negative impacting factors by between 40 and 50% of respondents.

[117] Considering only businesses, trade organizations, and other organizations, and excluding those answering 'no' to question 3.1.

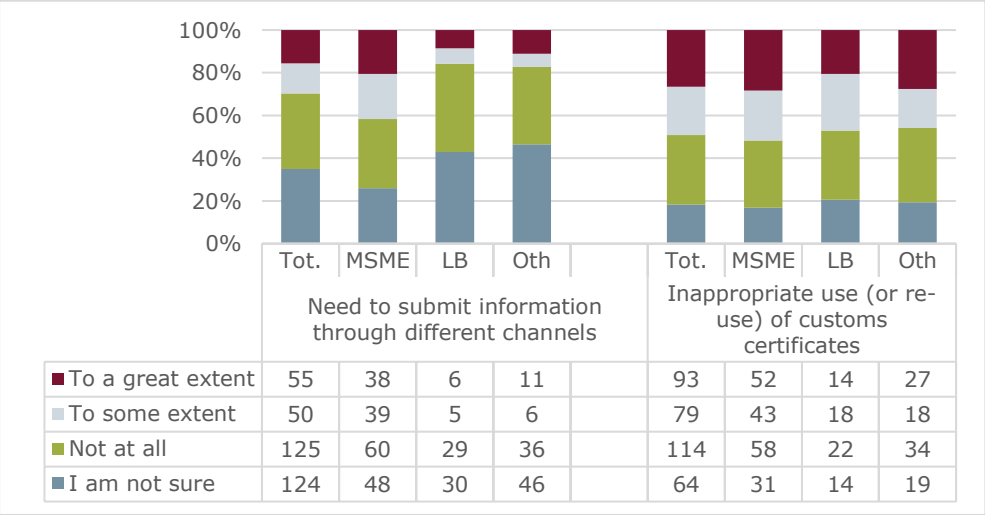
Figure B.8: Question #3.3 To what extent you think that the issues listed below negatively affect organisations involved in the cross-border movement of goods in the EU?



	Time for goods clearance				Submission of the same information to more authorities				Different requirements for MS			
	Tot.	MSME	LB	Oth	Tot.	MSME	LB	Oth	Tot.	MSME	LB	Oth
To a great extent	141	68	28	45	157	73	26	58	159	65	42	52
To some extent	163	81	38	44	133	68	35	30	111	60	20	31
Not at all	36	23	3	10	37	24	4	9	41	30	2	9
I am not sure	21	18	0	3	32	22	4	6	46	32	5	9



	Insufficient support from authorities				Need to use paper or outdated electronic means				Uncertainty regarding data sharing and data protection			
	Tot.	MSME	LB	Oth	Tot.	MSME	LB	Oth	Tot.	MSME	LB	Oth
To a great extent	141	68	28	45	27	18	2	7	56	34	8	14
To some extent	163	81	38	44	54	35	5	14	96	53	16	27
Not at all	36	23	3	10	118	67	21	30	142	76	30	36
I am not sure	21	18	0	3	161	70	42	49	64	25	16	23



	Need to submit information through different channels				Inappropriate use (or re-use) of customs certificates			
	Tot.	MSME	LB	Oth	Tot.	MSME	LB	Oth
To a great extent	55	38	6	11	93	52	14	27
To some extent	50	39	5	6	79	43	18	18
Not at all	125	60	29	36	114	58	22	34
I am not sure	124	48	30	46	64	31	14	19

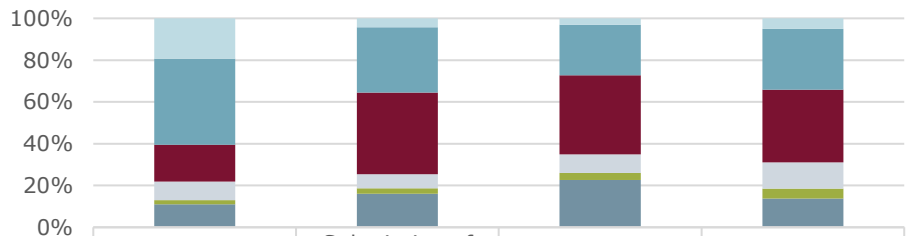
Some 35 respondents also indicated other issues affecting cross-border operations, including a lack of coordination among authorities (e.g. for excise and VAT matters, or between national customs and EU authorities) (mentioned by 4 respondents), differences

in the interpretation of UCC among customs authorities (3 respondents), as well as language barriers (2 respondents).

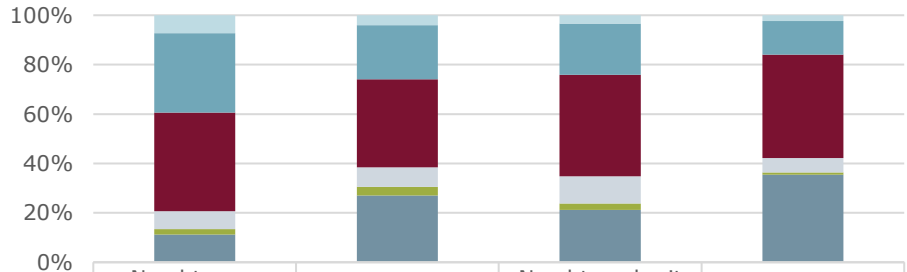
Over 140 respondents also provided additional comments about which of these issues most affect business operations. ***The factor most frequently indicated was the amount of time needed for good clearance*** (35 respondents). Unpredictability of the time needed for goods clearance was also cited in a few cases, as was the insufficiency of information provided and requirement to use obsolete means (i.e. paper) to submit documents.

Approximately 60% of respondents believe that the situation has improved in terms of amount of time needed for good clearance over the last five years, while, for the other issues, most respondents are either unable to answer, or believe that the situation has not changed remarkably. The share of respondents believing that the situation has worsened is always below one sixth of respondents.

Figure B.9: Question #3.4 How do you think the issues below have changed during the last 5 years?



	Time for goods clearance	Submission of the same information to more authorities	Different requirements for MS	Insufficient support from authorities
Situation has improved a lot	70	15	11	18
Situation has improved somewhat	149	111	85	104
No change	64	138	134	124
Situation has worsened somewhat	32	24	31	45
Situation has worsened a lot	7	9	12	17
I am not sure	40	57	80	49



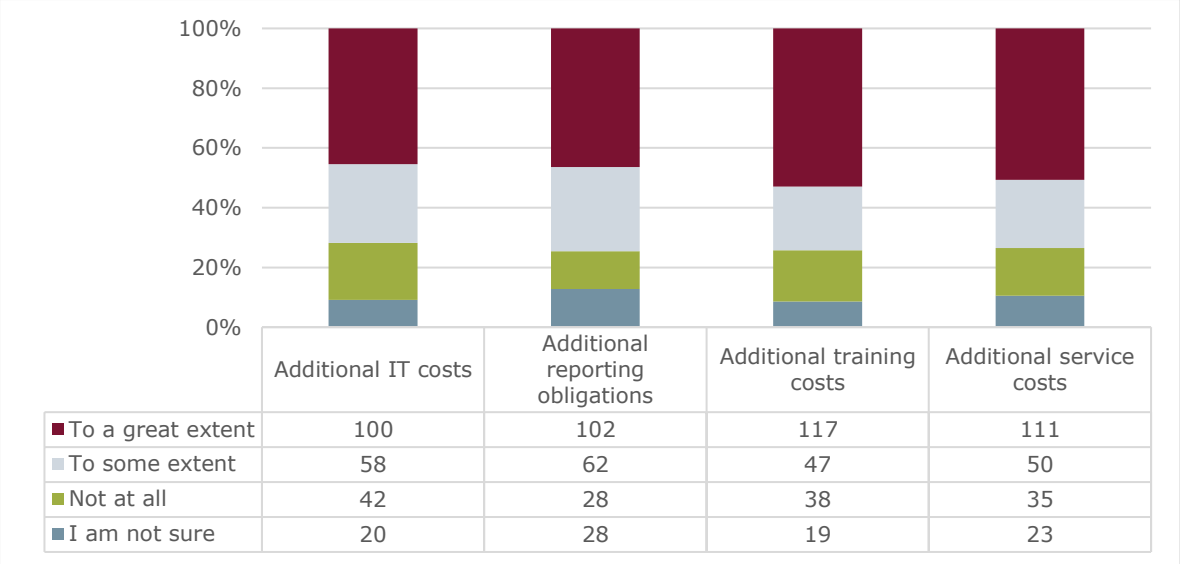
	Need to use paper or outdated electronic means	Uncertainty regarding data sharing and data protection	Need to submit information through different channels	Inappropriate use (or re-use) of customs certificates
Situation has improved a lot	26	14	12	8
Situation has improved somewhat	115	77	73	47
No change	143	125	145	144
Situation has worsened somewhat	26	28	39	20
Situation has worsened a lot	8	12	9	3
I am not sure	40	95	75	122

The majority of business respondents (i.e. between 60% and 75%) reported that the issues above translated into several problems to at least some extent. Over

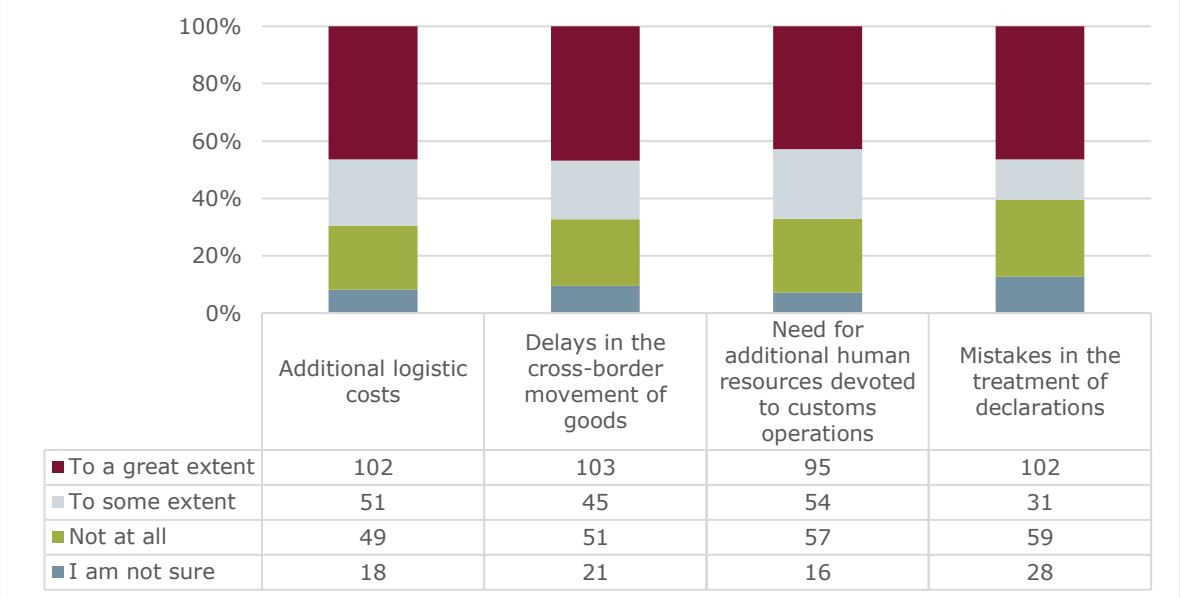
half of the businesses answering to the question indicated that the additional training costs and additional service costs, caused problems to the organizations 'to a high extent', and the share remained above 40% for all problems suggested in the questionnaire.

Other problems spontaneously mentioned by respondents in the open text include the impossibility to apply the same approach to customs clearance at both European Union and at single Member States level (5 respondents), which makes the process confusing and discretionary; the lack of uniform IT systems and regulations on the matter, which create difficulties and failures in the process (3 respondents); and negative experiences for customers (2 respondents).

Figure B.10: Question #3.5 To what extent have the issues listed in question 3.4 caused any of the following problems to your organisations?



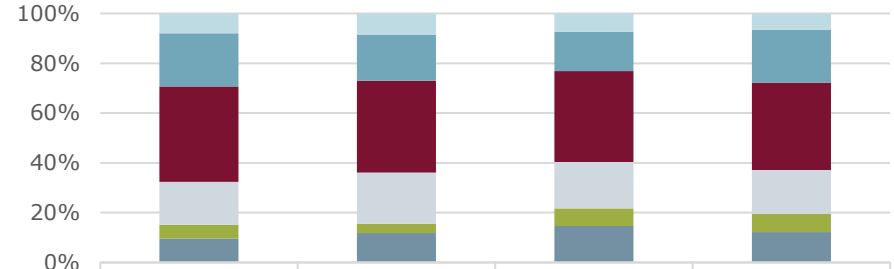
	Additional IT costs	Additional reporting obligations	Additional training costs	Additional service costs
To a great extent	100	102	117	111
To some extent	58	62	47	50
Not at all	42	28	38	35
I am not sure	20	28	19	23



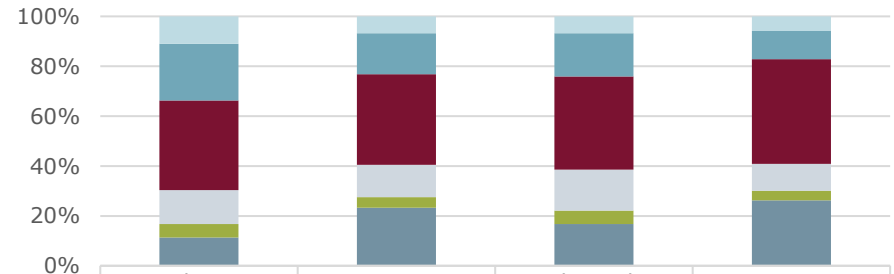
	Additional logistic costs	Delays in the cross-border movement of goods	Need for additional human resources devoted to customs operations	Mistakes in the treatment of declarations
To a great extent	102	103	95	102
To some extent	51	45	54	31
Not at all	49	51	57	59
I am not sure	18	21	16	28

When asked to provide their views on the evolutions of the issues above absent any action by the European Commission, ***a relative majority of respondents answered that they do not expect any change compared to the current situation***. Comparatively more optimistic views were provided as regards the use of paper or outdated means, which is expected to improve a lot in the next years by 11% of respondents, and to improve somewhat by another 23% of respondents, while for virtually all other problems, the positive and the negative expectations roughly offset one another.

Figure B.11: Question #3.6 How do you expect the issues listed below will evolve during the next years based on current trends, without any new action from the European Commission?



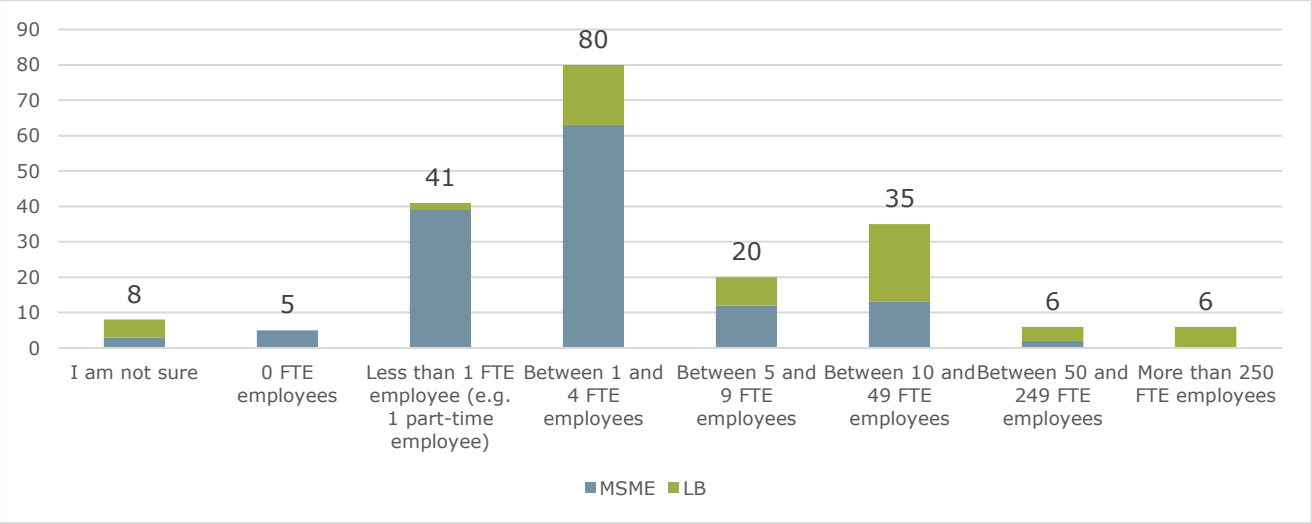
	Time for goods clearance	Submission of the same information to more authorities	Different data requirements for MS	Insufficient support from authorities
Situation will improve a lot	29	30	26	23
Situation will improve somewhat	77	66	56	75
No change	139	131	130	124
Situation will worsen somewhat	62	73	66	62
Situation will worsen a lot	20	13	25	26
I am not sure	35	42	52	43



	Need to use paper or outdated electronic means	Uncertainty regarding data sharing and data protection	Need to submit information through different channels	Inappropriate use (or re-use) of customs certificates
Situation will improve a lot	39	24	24	20
Situation will improve somewhat	80	58	61	39
No change	127	128	132	144
Situation will worsen somewhat	48	46	58	37
Situation will worsen a lot	19	15	19	13
I am not sure	40	82	59	90

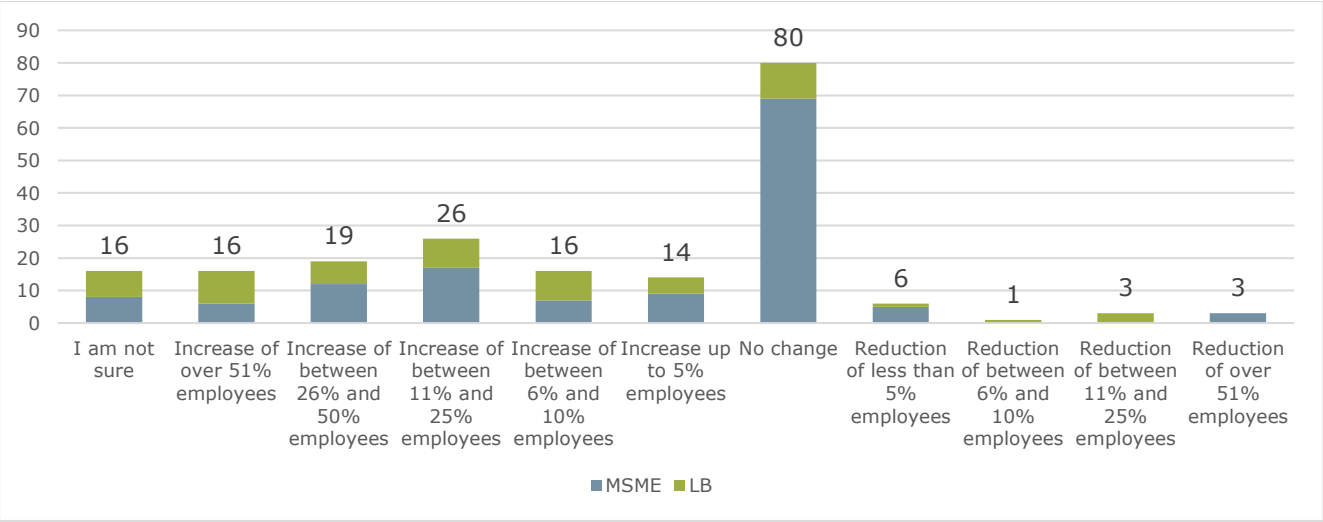
Most businesses, and MSME in particular, report that they devote between one and four FTE to formalities related to movement of goods across borders. Unsurprisingly, large businesses tend to have more staff dedicated to customs operations and related regulatory requirements. Interestingly, only a five MSME, and no large business, report that they have no staff devoted to cross-border operations.

Figure B.12: Question #3.7 How many Full Time Equivalent (FTE) employees does your organisation devote to formalities related to the movement of goods across borders (such as customs operations and other regulatory requirements)?



The majority of both MSME and large businesses have not changed the number of FTE employees devoted to custom formalities over the last five years. Other than that, comparatively more respondents (particularly large businesses) report of an increase in the number of employees dedicated to cross-border formalities rather, while very few businesses reduced it.

Figure B.13: Question #3.8 How has the number of Full Time Equivalent (FTE) employees in your organisation, who are devoted to formalities related to the movement of goods across borders, changed in the last 5 years?

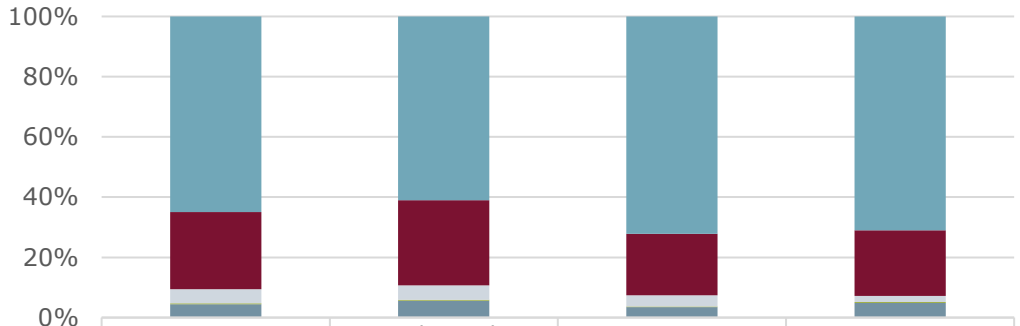


Potential policy measures and their expected impacts

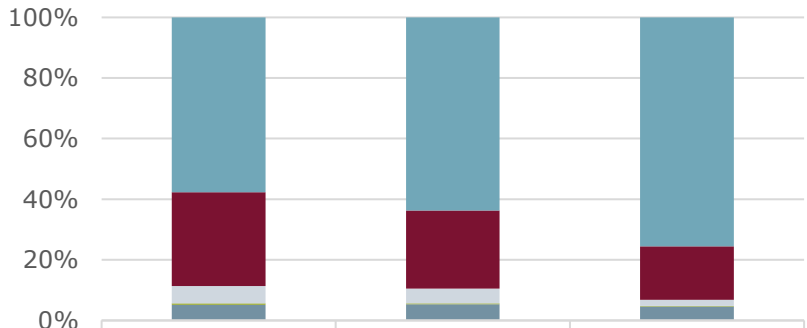
Section 4 of the PC required respondents to comment on the importance of the objectives of possible EU actions to improve the trade and transport of goods across borders, and on their impacts.

The vast majority considered all the possible objectives of an EU action important, all of which were defined as somewhat or very important by 90% or more of respondents. Answers are similar across respondent types, across size of business, and country. Very few respondents provide additional comments on other important objectives of EU policies, and, in most cases, they can be traced back to the coordination among Member States authorities.

Figure B.14: Question #4.1 Possible EU action to improve the trade and transport of goods across borders is likely to focus on one or more of the following objectives. Please indicate how important each of these objectives is to you and your organization.



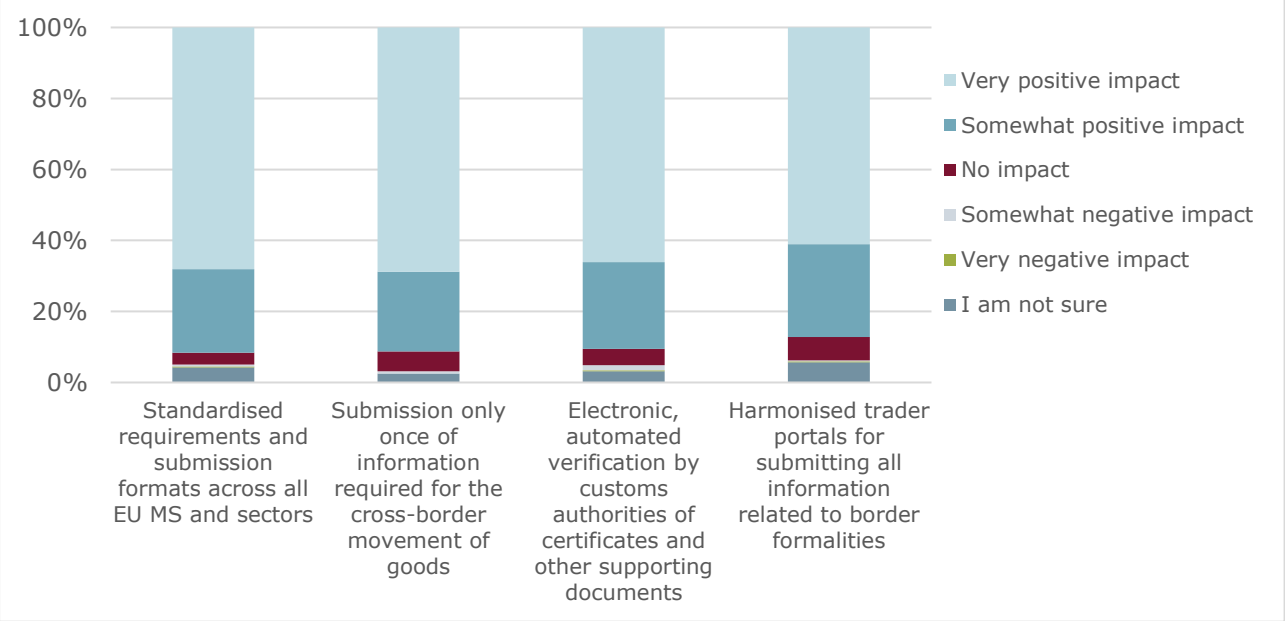
	Easier obtainment of support on processes and requirements	Enhanced automated verification of certificates and supporting documents	Promotion of use of electronic means to exchange information	Improved coordination and sharing of information
Very important	233	216	252	247
Somewhat important	92	100	71	76
Not very important	17	17	13	7
Not important at all	1	1	1	1
I am not sure	16	20	12	17



	Promotion of reuse of information provided by businesses	Establishment of harmonised trader portals for submitting the information	Harmonisation of data, systems and procedures across MS and sectors
Very important	203	225	265
Somewhat important	109	91	62
Not very important	20	17	7
Not important at all	2	1	1
I am not sure	18	19	16

The PC investigated the extent to which respondents believed that several policy changes would have an impact on businesses' cross-border operations. In particular, the questionnaires covered the standardisation of requirements and submission formats; the simplification of procedures leading to the need to submit custom information only once; the automatization of the validation of certificates and supporting documents; and the harmonisation of trader portals for the submission of information. ***Respondents showed widely positive views on the impact of all these changes***, with only 2% of respondents or less suggesting that they would have a negative impact on organisations' operations in the movement of goods across borders.

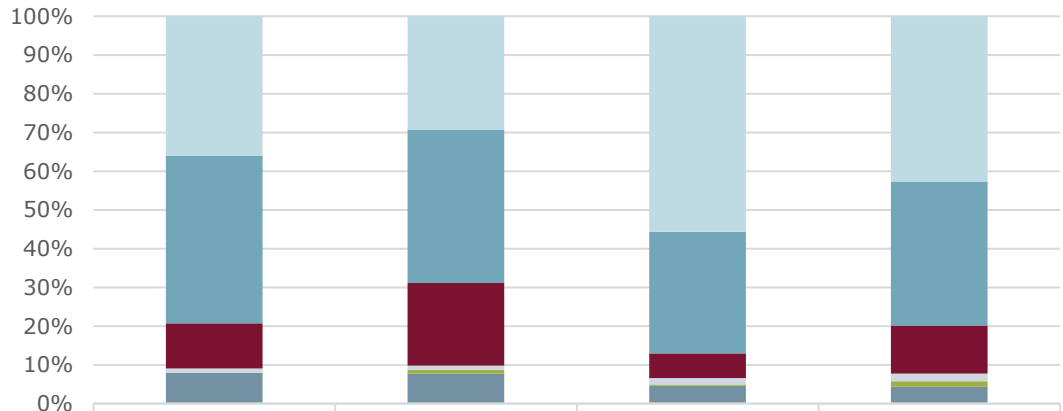
Figure B.15: Question #4.2 Compared to the current situation, what impacts do you think the following changes would have on organisations' operations in the movement of goods across borders?



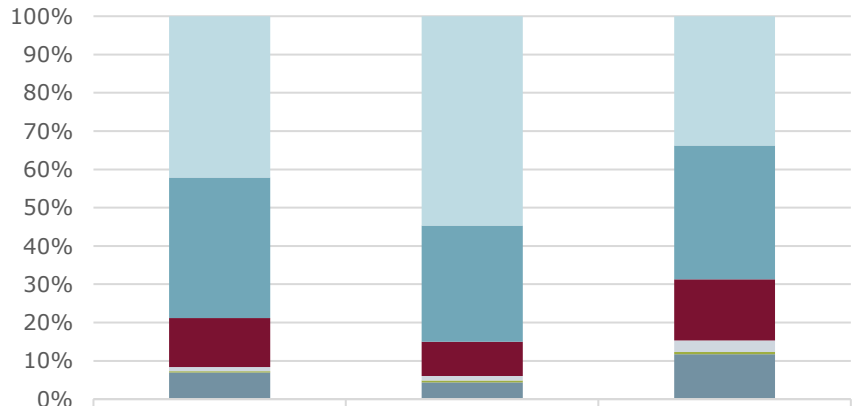
No less than 25 respondents report that these changes would translate into an increased efficiency of cross-border operations, and into a reduction in the amount of time taken for the process. Fewer respondents also commented that possible impacts would include a reduction in the risk of error and an increase security and safety of the process, a reduction of direct costs of operations, and a higher quality of both the process and the final service.

Consistently with the above, ***between 80% and 87% of respondents to the PC largely believe that the changes described above would positively impact*** on the reduction of administrative burden, the fight against fraudulent activities, and equal treatment of economic operators. The share remained at about or above 70% also for the other possible impacts proposed in the questionnaire. Also in this case, the share of respondents thinking that the changes may have a negative or very negative impact on these aspects, while between 7% (for administrative burden) and 23% (for consumer confidence in market products) believed that they would not have any impact.

Figure B.16: Question #4.3 [...] Please indicate what kind of effects (positive or negative) you think that the changes mentioned in question 4.2 would have on the following:



	Trade levels	Consumer confidence in market products	Administrative burden	Fight against fraudulent activities
Very positive	127	102	193	148
Somewhat positive	152	137	109	129
No impact	41	74	22	43
Somewhat negative	4	4	6	7
Very negative		3	1	5
I am not sure	28	27	16	15



	Rates of voluntary compliance	Equal treatment of economic operators throughout the EU	Protection of sensitive data
Very positive	145	189	112
Somewhat positive	126	105	116
No impact	44	31	53
Somewhat negative	4	4	10
Very negative	1	2	2
I am not sure	24	15	39

Only 44 of the 371 respondents provided additional comments on other possible impacts of the proposed changes. In most cases, the comments refer to aspects similar to those covered by Question 4.3 (particularly reduction in administrative burden, equal treatment of operators, and increased control thanks to enhanced fight against fraudulent activities). A couple of respondents pointed out that this may also translated in an increase in operators' confidence in their ability to avoid mistake, and the related operators' confidence in authorities. Finally, in another couple of cases, respondents pointed out that an EU action may have a negative on impacts on economic operators, particularly SME, in terms of costs to adapt to the changes.

ANNEX C: COUNTRY CASE STUDY REPORTS

This Annex contains the reports of case studies that were carried out in eight EU Member States. These contain much of the evidence used for the study, regarding such aspects as the existing situation, economic costs and benefits, and other likely impacts of the policy options, and experiences of EU SW-CVED and other initiatives. The sample covers different experiences of EU SW-CVED and national single window initiatives as well as diverse trading profiles. The sample included the Czech Republic, France, Germany, Ireland, Italy, the Netherlands, Romania and Spain. Each case study was comprised of 10-15 mainly face-to-face interviews with customs, partner competent authorities and economic operators, and a review of relevant documentation. The field visits took place between October 2018 and February 2019.

The reports for the Czech Republic, France, Ireland, the Netherlands and Spain are structured as follows. First, a background section provides information on trading profiles, administrative arrangements for border coordination, approaches to electronic customs and the current single window state of play. This is followed by current experiences in terms of clearance processes and problems experienced. A section on likely future developments explores views and potential impacts of the continuation of the status quo and new EU action to foster G2G and B2G collaboration.[118] Each report ends with a set of conclusions with a view to the nature and scale of current problems, and feasibility and desirability of the options for future action. For countries participating in EU SW-CVED, an assessment of the initiative's implementation and achievements is also provided.

Due to the scheduling for the study, the reports for Germany, Italy and Romania are shorter. After a brief introduction, these focus on key findings and conclusions regarding administrative arrangements, progress made towards a single window (either through participation in EU SW-CVED / EU CSW-CERTEX or similar national initiatives) and likely future developments in case of continuation of the status quo or adoption of the options for EU action.

1. CZECH REPUBLIC

1.1. Introduction

This report forms one of the eight country case studies that were carried out to provide evidence for the impact assessment on a potential new initiative, namely the EU Single Window environment for customs. By collecting and analysing data on the current situation and expected future developments, the case studies aim to generate insight on the nature and scale of any existing problems and likely impacts of the policy options defined for the potential new initiative. These include an option for no additional EU action, which would consist of the continued existence and gradual expansion of the EU Customs Single Window-CERTEX project (EU CSW-CERTEX).

Each case study used a common methodology based on a document review, feedback from national administrations provided through participation in the project group and interviews (mainly face-to-face) with officials from customs and partner competent authorities and economic operators. The sample of eight Member States was selected in discussion with DG TAXUD with a view to covering complementary areas of interest and achieving a degree of representativeness.

Within this broader framework, the research on individual case studies varied according to national specificities such as geography, trading profile, administrative set-up and

[118] The cross-cutting option on expanding EORI to additional regulatory requirements had not been defined at the time the case study fieldwork was carried out.

participation (or not) in the EU Single Window-CVED pilot project (EU SW-CVED, the predecessor to EU CSW-CERTEX).

For the Czech Republic, the case study mainly focused on:

- Experiences with the EU SW-CVED pilot;
- Experiences with their existing and still developing, national single window system;
- Controls related to import of agricultural products and live animals (CVEDP and CVEDA).

The evidence for the case study is comprised of desk research and interviews with nine customs authorities, partner competent authorities responsible for environmental regulations and economic operators dealing including freight forwarders and customs brokers. These were conducted during a field visit took place in the week of 19 November 2018.

1.2. Background

Some background information is needed to understand the current situation in the Czech Republic and how it would likely evolve for the policy options under review. This section presents an overview of the Czech Republic's profile for international trade, administrative and IT set-up for customs and other relevant regulatory requirements. It also briefly presents progress towards a customs single window at national level in the Czech Republic.

1.2.1. Trading profile

The Czech Republic with its 10 million inhabitants[119] is centrally located in Europe, bordering the EU Member States of Austria, Germany, Poland and Slovakia, but with no external EU border or maritime border. Goods declared in the country therefore typically enter or exit by airplane (in Prague, Brno or Ostrava) or by road, with transit often involving Germany.

The country's share of the total EU exports and imports were 1,4% respectively 1,7% in 2017.[120] The top commodity group for both imports and exports is by far manufactures (89.7% for total exports and 84.1% for total imports during 2017), with goods such as cars, vehicle parts, automatic data-processing machines being among the most prominent goods. Among agricultural products (accounting for 6.2% of total exports and 7.4% of total imports during 2017), the top imported product during 2017 was swine meat (which is a good subject for non-customs regulations). The third largest commodity group is fuels and mining products (with 3.3% of total exports, and 8.0% of total imports).[121] This is a commodity group relevant for regulatory requirements, since certain goods such as explosive materials or dual-use goods require certain types of additional requirement documents.

To understand the Czech Republic's degree of success in clearing goods efficiently, we looked at the country's logistics performance as assessed by the World Bank, and the Czech Republic ranks number 26 globally. Among the six components which are used to calculate the ranking by the World Bank[122], the component of customs received the lowest scoring. However, customs still rank highly with the Czech Republic being ranked as number 14 of

[119] Source: The Czech Statistical Office, 2018. https://www.czso.cz/csu/czso/population (accessed 2018-12-18).
[120] Eurostat data on external trade.
[121] Source: WTO, the Czech Republic trade profile information (2017).
[122] Namely customs, infrastructure, international shipments, logistics competence, tracking and tracing and timeliness.

the 167 countries included in the index. Nevertheless, this means that improvement of the customs procedures has much potential in improving the overall logistic procedure.[123]

1.2.2. Administrative set-up

The General Directorate of Customs of the Czech Republic (hereafter referred to "Czech customs") is subordinated to the Ministry of Finance. The main office is placed in Prague, and 15 regional customs offices are spread across the country based on regions. The Czech customs has around 6000 employees in total and is responsible for processing customs declarations, as well as for policy and IT developments.

The Czech customs collaborate with a range of partner competent authorities[124] for the verification of customs declarations and checks. It does not have any official / legal mandate to lead the national single window initiative but does so according to its own and national priorities and objectives. This means that Czech customs depends on partner competent authorities' own will of joining the initiative and cannot oblige anyone to join.

1.2.3. Approach to electronic customs and IT architecture

The Czech Republic is advanced in digitising customs procedures and has since 2007[125] been working towards a fully digitised customs clearance system. Since 2015, the country has worked on a national single window solution, see further detail below.

The national IT architecture is comprised of a combination EU trans-national systems and nationally developed systems, and centralised EU systems and databases are used or contacted during customs clearance processes. The system is built on a web-service to web-service solution where the economic operator submits its declaration online. The system is supported by a digital authentication system. The Czech Republic prefers making use of EU developed systems, since developing their own systems otherwise risks being a heavy cost for a relatively small EU Member State.

1.2.4. Single Window state of play and key initiatives

On 5 January 2015, a first step towards a G2G national single window environment was launched in the Czech Republic. The aim of the national single window was to simplify and streamline the validation / verification process of certain regulatory requirements needed for goods subject for non-customs requirements, as well as to improve quantity management. The long-term objective was (and is still) to decrease smuggling and fraud and make the clearance processes as efficient as possible. Another long-term objective is to improve the B2G cooperation, and certain steps have been taken towards a sort of customs portal called the "cPortal" for economic operators. From 2019, certain tax forms will be submitted by economic operators trough the portal. In the longer term (sometime between 2020 and 2022), the Czech customs would like to use cPortal also for identification and authentication for submitting of customs declarations and related processes.

In line with these priorities, the Czech Republic joined the EU SW-CVED pilot together with four other Member States (Bulgaria, Ireland, Latvia and Slovenia) in 2015. The pilot aims to enhance G2G collaboration regarding CVED certificates by linking the customs IT system

[123] Source: The World Bank. Mean across logistics performance index 2012-2018. https://lpi.worldbank.org/international/aggregated-ranking?sort=asc&order=Customs#datatable (accessed 2019-01-11).

[124] Namely the State Veterinary Service, the Central Institute for Supervising and Testing in Agriculture, the Agricultural and Food Inspection Authority, the Environmental Inspectorate and the Trade Inspectorate.

[125] In 2007, the Czech Republic started with the New Computerized Transit-System and Export Control System, and in 2019 with the Import Control System (source: Czech customs).

to an EU certificates database called "TRACES" though a middleware provided by DG TAXUD. The Czech Republic decided in end 2017 to join the successor EU CSW-CERTEX project to include CHED-PP, COI and FLEGT regulatory requirements (covered by the updated IT system "TRACES NT"). Regarding costs for connecting to the EU SW-CVED pilot in 2015, these were approximately EUR 63 000 (including costs for including the CITES permits in the national solution). An addition of EUR 16 500 occurred for the upgrading of the systems in 2015, and an extra EUR 48 000 for the implementing of FLEGT in the EU CSW CERTEX during 2018. These costs are in other words rather minor (partly thanks to much of the needed IT solutions being developed at the EU level). Being a relatively small economy in the EU, the Czech Republic appreciates this and finds its more resource efficient making use of IT system developed at an EU level than developing them itself.

Regarding the administrative set-up for the single window initiative, there are two divisions involved in the developments: the division for service execution and the division of economics and IT technology. A 'single window project team' has been put together, consisting of three officials from the mentioned divisions. The project team is responsible for the development, maintenance and national implementation of the single window plans. IT systems related to the following five regulatory requirements are being handled by the team:

- Common Health Entry Document for Plants Plant Products and Plant-propagating material (CHED-PP);
- Certificate of Organic Inspection (COI);
- Common Veterinary Entry Document (CVED);
- Forest Law Enforcement, Governance and Trade (FLEGT) and
- Ozone-Depleting Substances (ODS).

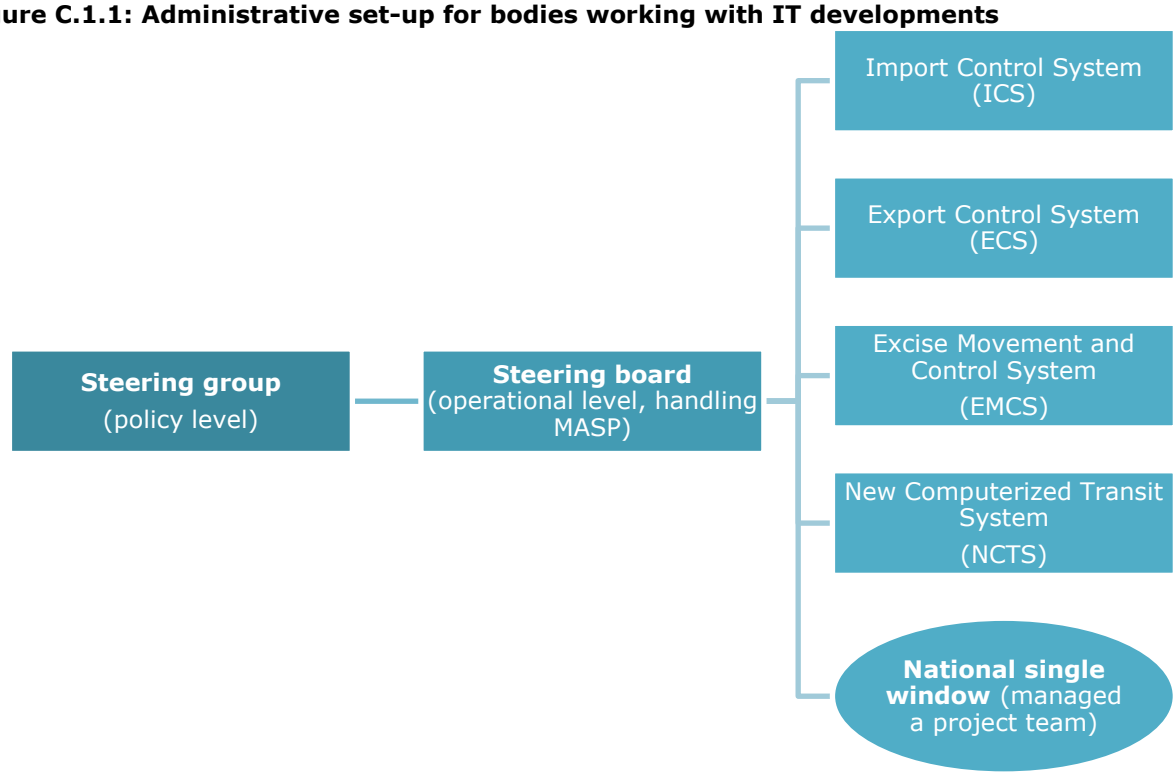
Currently, the project team is especially working with the conformance testing to include the FLEGT in the national single window environment.

The single window project team is coordinated by a steering board, which is also responsible for all IT projects to be implemented according to the Multi Annual Strategic Plan for customs, namely the Import Control System (ICS), Export Control System (ECS) and the New Computerized Transit System (NCTS). One customs official (both chairing the single window project team and the steering board) is responsible for the EU systems to be developed according to the Multi Annual Strategic Plan. In addition to this, the steering board is also guiding the national single window developments as well as the management of the Excise Movement and Control System (EMCS). This board meets every two months and is also responsible for the communication at a national level. The IT systems outlined in the MASP (i.e. ICS, ECS, EMCS and NCTS) are prioritised due to them being compulsory to implement.

The steering board is an internal customs body, and is in turn guided by the steering committee / group which is a high level, decision-making body with a policy perspective. The group consists of officials from the business and IT domains, as well as the contractor assigned to develop the IT solutions. The steering group handles the overall process management of all the e-customs projects and takes policy decisions based on national directives and strategies. The steering group meets every third month.

The figure overleaf illustrates the organisational set-up of the bodies working with IT developments.

Figure C.1.1: Administrative set-up for bodies working with IT developments



Source: figure based on interviews with Czech customs officials in Prague, November 2018

1.3. Current experiences

This section details the nature and scale of the current problems by analysing the processes for clearing goods through the border in the Czech Republic. It first presents an overview of relevant processes, with a focus on the specific types of goods / regulatory requirements, and an outline of how the EU SW-CVED pilot (and its successor EU CSW-CERTEX) work in practice. This is followed by more detail regarding the most important problems with the current situation for different stakeholder groups, namely customs authorities, partner competent authorities and economic operators.

1.3.1. Overview of clearance processes

In this section we provide an overview of goods clearance processes in the Czech Republic. We first outline customs processes (with a focus on aspects with the highest level of effort and administrative burden and facilitation measures). Then we outline the regulatory processes for non-customs requirements. The last part of this section details the processes relating to the EU-CSW pilot project.

Customs processes

In 2018, Czech customs processed 10,4 million customs declarations, of which around 43% are imports and 57% exports, in addition to around 3,4 million transit arrangements[126]. Some of these goods are subject to regulatory requirements in fields other than customs. In those cases, Czech customs liaise with the concerned partner competent authorities.

Customs checks (i.e. documentary and physical checks) apply to both imports and exports. Only around 1% of the customs declarations are checked, based on a risk management system. The checks are carried out in the customs area od customs offices, at warehouses or at the airport. Apart from staffing reasons, the low percentage of checks is due to a combination of facilitating tools such as simplified procedures, a number of authorised economic operators and post-clearance audits.

[126] Source: Czech customs.

Non-customs regulatory requirements

When Czech customs officers check import or export declarations for certain goods they may be required to check the regulatory requirements under the competence of partner authorities are fulfilled. As already stated, sometimes they must also liaise with partner competence authorities for physical checks of goods. The Czech customs could not estimate how often this happens, but it does constitute a significant part of the customs' officials everyday work. The partner competent authorities most often consulted for verification processes related to regulatory requirements are the Ministry of Agriculture / State Veterinary Service / the Central Institute for Supervising and Testing in Agriculture (for CVED and CHED-PP and FLEGT), the State Agricultural Intervention Fund (for AGRIM/AGREX licenses), the Ministry of Industry and Trade (for dual-use licences), Mining Office (for licenses needed for explosive materials) and the Ministry of Environment (for CITES). More specifically, the following types of regulatory requirements account for the most significant volumes in the Czech Republic and are by extension the more resource intensive to manage[127]:

- **Common Health Entry Document for Plant Protection (CHED-PP) (N851)**: this document covers Council Directive 2000/29/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products, and against their spread within the Community. In 2017, the number of issued CHED-PP was 3896.
- **Common Veterinary Entry Document: Animal Products (CVEDP) (N853)**: this is a common EU certificate for the import of veterinary products – in addition to the certificate, the EU regulation[128] sets down rules for the inspection of goods at border inspection posts. In 2017, the number of issued CVED-P was 3487.
- **Certificate of quality (N003)**: Issued for certain fresh fruit and vegetables, issued by the Agriculture and Food inspectorate. The volume of certificates of quality was 2214 in 2017.
- **Common Veterinary Entry Document: Animals (CVEDA) (C640)**: a common EU certificate for the import of animals - in addition to the certificate, the EU regulation[129] sets down rules for the inspection of goods at border inspection posts. In 2017, the number of issued CVED-A was 1613.

However, other certificates such as the Common Entry Document (CED), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Agricultural produce import licence (AGRIM) and the Catch certificate are also significant compared to the total (with all of them being issued by a number of around 1200 in 2017).

For exports, the most common regulatory requirement is the dual use export authorisation (X002). This is required for goods which can be used for both civil and military purposes (including software and technology), with 6199 certificates issued in 2017).

Processes relating to key regulatory requirements

As explained already, the Czech Republic participated in the EU SW-CVED pilot project (and is currently piloting its successor, the EU CSW-CERTEX project) and is combining this together with its own national single window environment.

[127] Source: Homework assignment 1.
[128] Commission Regulation (EC) No 136/2004 of 22 January 2004 laying down procedures for veterinary checks at Community border inspection posts on products imported from third countries
[129] Commission Regulation (EC) No 136/2004 of 22 January 2004 laying down procedures for veterinary checks at Community border inspection posts on products imported from third countries

The ambition of the Czech customs single window is to, at a later stage, enlarge the single window to as many partner competent authorities and regulatory requirements as relevant and possible, as well as to enlarge to a business-to-government solution to make the process also easier for economic operators. The regulatory requirement next in line to be included into the national single window system is FLEGT (managed by the Ministry of Agriculture). A future long-term objective of the Czech customs is to digitise the entire clearance process, connecting all concerned partner competent authorities to the single window environment.

Certain regulatory requirements are however still (and are expected to continuously be) issued and handled in paper format. This is e.g. the case for regulatory requirements concerning dual-use goods, cultural goods and waste goods. Regarding the cultural goods and waste, these goods constitute a small part[130] of the total when it comes to import / export, and this is explained as being one of the reasons to why the responsible ministries do not find the costs to digitise their processes as justified. In difference, the reason for why the certificates for dual-use goods are still in paper-format and is said to be due to security concerns. So far, these ministries have no plans in joining the single window initiative.

Today, the Czech customs single window system facilitates G2G collaboration for the following regulatory requirements:

- **Common Veterinary Entry Documents (CVED)** through the EU SW-CVED project (which uses TRACES to link Czech customs, DG TAXUD and DG SANTE). For the CVED, information is shared digitally on request. Data is only stored in one database.
- **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)** through a joint IT solution with the Ministry of Environment, data is shared digitally on request. Data is only stored in one database.
- **Licences for dual-use goods as well as AGREX/AGRIM**, through the Mining Office respectively the Ministry of Industry and Trade and the State Agriculture Intervention Fund. This data is being sent to the Czech Office automatically three times per day and stored in a database at the Czech customs, i.e. the data is collected in a static way and stored in different databases.

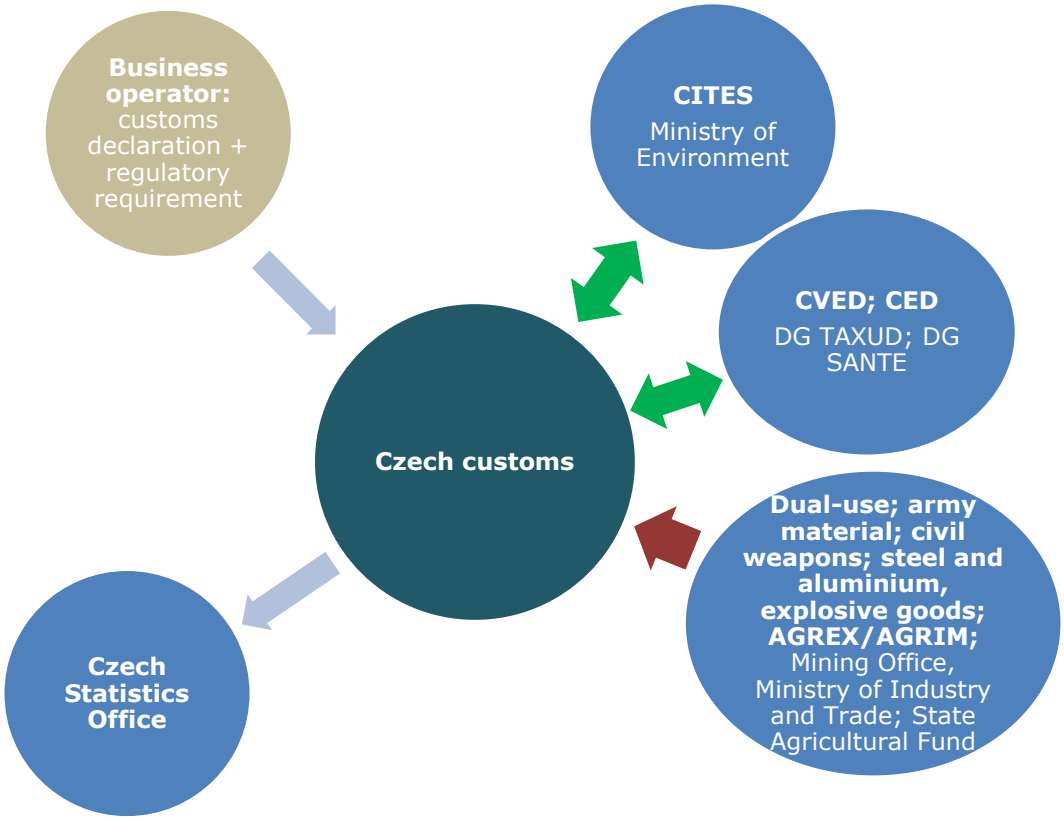
The collected data is partly used for verification reasons, and partly for statistical purposes, since it is being sent by the Czech customs to the Czech statistics office. The single window solution is also used for the CITES certificates as a way for the Czech customs to report back to the Ministry of Environment regarding consumed quantities.

Currently there are two steps regarding the issuing of CVEDs, one which is done on a paper form, and one which is done electronically. As explained by the interviewed officials at the border inspection post of Prague airport, the CVED still have to be issued in paper-format due to the provisions of the relevant EU legislation, which requires the certificate to be printed and submitted physically to the border inspection post. In addition, since automatic quantity management is not yet possible through EU SW-CVED pilot. This is instead done manually by the customs officers (they print the document and write by hand on the back of the document the quantity consumed). The IT systems and communication between the national IT system, DG TAXUD and TRACES work very well according to the Czech customs, and if EU legislation did not require the paper copy and if quantity management was included in the certificate, the issuing of CVEDs (and later on CHED-PPs) process could be done completely electronic.

[130] In 2017, 1 import license and 85 export licences were issued for cultural goods. The same number for waste certificates was 81 for imports and 1380 for exports.

The figure below illustrates the processes involved in the Czech single window environment from the perspective of Czech customs, with the brown arrow signalling the offline solution and the green arrows the online solution.

Figure C.1.2: The national single window environment of the Czech Republic (2018)



Source: Study team based on interviews with Czech customs officials

1.3.2. Main problems in the Czech Republic

Several aspects of the abovementioned processes create problems for customs, partner competent authorities and economic operators. Using the problems defined in the problem tree (see section 3 of the main study report) as a starting point, the ensuing pages examine these in detail. The impact of each problem on different stakeholders is illustrated using a rating system, where red denotes severe, amber denotes significant and green denotes negligible (as explained in the box below).

Rating system:

Rating	Explanation of rating
	Major weakness / problem and significant investment / complex solution needed to address this issue which affects multiple stakeholders severely.
	Significant weakness / problem and some investment needed to address this issue which affects more than one group of stakeholders significantly.

	Problem is only negligible and/or could be easily addressed with few regulatory hurdles and does not seriously impact any one stakeholder.

Problem: Administrative burdens in the management of goods crossing boarders

Rating	Explanation of rating	Main stakeholders affected and how
	Problem and change needed to address the issuing of paper-document/lack of harmonisation of regulatory requirements at both national and EU level	• Customs officials: significant time / effort processing regulatory requirements • Partner competent authorities: significant time / effort producing licenses • Economic operators: effort applying to different authorities in each Member State

The administrative problems in the Czech Republic mainly relate to certain documents needing to be dealt with in paper format, which especially is the case for AGRIM licenses, dual-use goods and CVED/CHED-PP. This is both due to national partner competent authorities without digitised processes, and to EU legislation lagging behind with requirements of hard-copy documents. The submission of paper documents is regarded as a considerable administrative burden for both economic operators and customs officials, but not a major burden (which is why this problem is rated as amber). The single window initiative has contributed to certain processes being easier – such as interoperability of the IT system of the Czech customs and Ministry of Environment (enabling the exchange of information on the CITES certificates). However, since customs and partner competent authorities still need to deal with certain requirements in paper format, the administrative burden has not significantly improved since the introduction of the single window.

Moreover, the economic operators we interviewed stressed that it is burdensome for them with the lack of harmonisation across EU Member States. This means that they are obliged to apply through different types of process for regulatory requirements in different Member States. For example, some Member States only except certain regulatory requirements in paper-format, while other Member States only accept them digitally.

Problem: Poor exploitation of electronic exchange of information

Rating	Explanation of rating	Main stakeholders affected and how
	Significant investment needed and multiple actors with differing levels of resource	• Economic operator / customs officials / partner competent authorities: inefficient use of resource and not realising full benefits of an electronic environment

Since far from all partner competent authorities in the Czech Republic have digitised their processes, the exploitation of electronic exchange of information is limited. This is both due to the partner competent authorities finding the digitisation process too costly, and to them being unwilling to go digital (at least for the time being) due to e.g. data security concerns. However, the current national single window environment with its collaboration with the Ministry of Environment on CITES shows that it is possible to realise this type of collaboration, which has proven to be fruitful in terms of smoother and easier data-sharing.

Neither the Czech customs nor the interviewed partner competent authorities recognized this problem as very prominent. However, they did see it as an area with potential of

improvement and saw that a greater exploitation of electronic exchange of information would likely generate cost savings and easier processes (which is why also this problem is graded as amber).

Problem: Multiplication of information and procedural redundancies

Rating	Explanation of rating	Main stakeholders affected and how
	Significant weakness / problem and would require legislative change in multiple areas to support dematerialisation	• Partner competent authorities / customs officials: inefficient use of resource and not realising full benefits of an electronic environment • Economic operators: multiplication of information annoying

Despite some digitised aspects thanks to the single window environment, there is still a lot of paper documents which feed into the clearance process or are required alongside. This is especially clear when it comes to the issuing of the CVEDs. Due to the SW-CVED pilot project, the application process for the CVEDs got digitised. But due EU legislation, the certificates still need to be printed in paper-document. This means that two parallel processes with both the paper-document being issued, and the information being available and stored digitally are on-going- In other words, the full potential and main objective of the single window environment has not been possible to yet achieve, even if the digitisation has contributed to some improvements when data can ben checked by the Border Inspection Post digitally. This is the main reason for why this problem is graded as red.

Again, the economic operators stressed that they are being obliged to submit the same information several times to different Member States and that this is an annoying (but not major) issue.

Problem: Enforcement issues and information gaps

Rating	Explanation of rating	Main stakeholders affected and how
	This problem needs EU-wide action – harmonisation of systems in order to have comparable information across borders.	• Customs officials and competent authorities: out of date systems act as a brake to collaboration

In some cases, the absence of centralised system and full data sharing between Member States can be justified – as in the case of dual-use licenses where data storage is especially sensitive due to national security / trade concerns. However, in other cases, poor exploitation / lack of electronic exchange of information risks to result in enforcement difficulties of e.g. quotas or sanctions. Especially concerns regarding the quantity management were stressed by the Czech customs, since this is not something which is included in the single window environment. Due to the lack of uniformity across the EU with Member States' systems of recording volumes etc differentiating, this entails a barrier for EU-wide enforcement of EU (and national) laws to fight smuggling and fraud.

1.4. Likely future developments

This section provides insight on how the problems described above are likely to evolve in the future, either through the continuation of the baseline scenario or pursuit of policy options for enhanced G2G and / or B2G collaboration. Potential impacts include direct costs and benefits for different stakeholders, as well as indirect effects related to the implementation of and compliance with given regulatory requirements. Below we provide

a summary of the expected impacts under different scenarios, followed by a summary of how well the problems outlined in section 3.2 would be addressed. For each problem, we provide a rating of the expected impact (as outlined below).

Expected impact ratings:

Rating	Explanation of rating
+++	Problem would be substantially improved / eradicated
++	Problem would be improved to a significant extent
+	Problem would see some (limited) positive improvement
0	Very limited or no change

1.4.1. Continuation of the baseline scenario in the Czech Republic

The SW-CVED pilot project was positively regarded by the Czech customs as a step in the right direction to more digitised and harmonised procedures. The continuation of the current situation would mean a gradual expansion of G2G collaboration in the Czech Republic, as the scope of the EU CSW-CERTEX would increase to cover additional regulatory requirements, i.e. CHED and COI, as well as FLEGT. Even if the Czech Republic has mainly positive views about the EU CSW-CERTEX project, interviewees explained that there are several issues that need to be adjusted by further action, such as the non-voluntary participation and change of EU legislation.

The continuation of the baseline scenario is believed to hamper the efficient and effective implementation of the projects, especially due to the voluntary nature of participation of the EU Member States. Continuing having the initiative voluntary means the continuation of non-harmonised procedures with some EU Member States dealing with certain regulatory requirements in paper-format, and others electronically, which especially is a burden for traders and economic operators. In addition, the baseline scenario would not support Czech customs in having more partner competent joining the single window initiative, since it means a continued voluntary participation in the project.

Moreover, the baseline scenario would not address the problem of quantity management since it does not entail any EU-wide quantity management for all regulatory requirements, nor the legislation to enable information exchange on quantity management between customs and partner competent authorities. Most importantly, it means to continued voluntary participation in the project, which limits the enforcement of EU-wide quantity management. According to the Czech customs, having a common law on EU customs with quantity management would benefit Member States since it would make this process much easier. Quantity management will be technically available in the EU CSW-CERTEX 2.0 for FLEGT, COI, CVED/CED, CHED-PP, ODS licence and F-GAS. But the EU Member States that are not part of the project will continue to follow their national practices, meaning difficulties in knowing about volumes consumed in these Member States for EU CSW-CERTEX members.

Problem	Change
Administrative burdens in the management of goods crossing borders	+
The problem of administrative burdens in the management of goods crossing borders would continue to be significant under the baseline scenario. Without any legislative changes, all stakeholders will continue to spend significant time / effort dealing with regulatory requirements which are outside	

of the EU CSW-CERTEX. As long as paper continues to be required alongside electronic certificates, as well as the CERTEX project being voluntary, the expected improvements in terms of administrative burden are estimated to be low. However, both the EU SW-CVED pilot and the national single window has born some positive results, in terms of smoother processes for checking data between Czech customs and certain partner competent authorities.	
Multiplication of information and procedural redundancies	0
The multiplication of information and procedural redundancies remain under the baseline scenario. With no change to the legal basis for customs and/or non-customs regulatory requirements, and no single-entry point for data submission, parallel paper submission would continue, as would the duplication of information. This means costs would not differ substantially while the duplication of information submitted would continue for economic operators.	
Poor exploitation of electronic exchange of information	+
Over-time the electronic exchange of information is expected to improve as more partner competent authorities digitise their systems. However, in order for these partner competent authorities to digitise their systems, a push from an EU level would be needed. The better exploitation of electronic exchange of information also depends on the harmonisation of procedures in countries, which this option does not ensure. However, both the EU SW-CVED pilot and the national single window has born some positive results, in terms of smoother processes for exchanging data between Czech customs and certain partner competent authorities.	
Enforcement issues and information gaps	0
The impacts in relation to enforcement gaps and information gaps are very limited under the baseline scenario. The main impacts would be similar to the results of the EU SW-CVED (i.e. more understanding of controls and more targeted searches through better risk analysis) but expanded in line with increased certificates coverage. However, the voluntary nature of EU CSW-CERTEX means it lacks a quantity management function which limits the scope for gains in enforcement.	

1.4.2. Options for enhanced G2G collaboration

These options involve putting in place a legal base to boost back-end, G2G cooperation on the exchange of data relating to a different category of certificates and specific technical solutions for implementation. The options are not mutually exclusive but can be combined depending on the pros and cons of including different certificate categories.

Option 1 is regarded as positive by both Czech customs and economic operators, especially since it would make the CERTEX system obligatory for all Member States. The potential benefits are however dependent on developments (especially regarding EU legislation) that would allow a full digitisation process. The TRACES (and later TRACES NT) system is appreciated and Czech customs prefers to have such a centrally managed IT solution, both from a cost perspective (since the maintenance costs then would lie on DG TAXUD) and from a data security perspective (since it would mean that data would not have to be stored at a national level). The Czech customs could not estimate how much cost savings centrally developed IT solutions generates, but it would at least be a substantial cost.

Enhanced G2G collaboration with more partner competent authorities joining the single window initiative would also mean greater possibilities for the Czech customs to exchange feedback. This was e.g. the case when the CITES got included in the national single window initiative, which encouraged Czech customs and Ministry of Environment to work more closely together. This is also important from a statistic point of view, and would is likely to lead to less risk of fraud in the longer run. This type of obligatory cooperation and joining

of the CERTEX project, also with other EU Member States, would also enable quantity management. To fully benefit from the G2G solutions, the EU legislation must change in order to enable completely digital regulatory requirements.

With the G2G options, the Czech Republic would prefer for as many EU-wide regulatory requirements as possible to be included. National regulatory requirements are not wished for to be included or made possible to access for other EU Member States since it is believed to mean too great security issues. However, having some IT solutions on third-country regulatory requirements (as stipulated in option 4) would be interesting, e.g. when it comes to the FLEGT certificate where the Czech Republic has a lot of trade with Indonesia. However, this was said to be not a very realistic option.

Furthermore, the Czech Republic would prefer having a centralised solution, i.e. routing information through the CERTEX system, since this type of management would make the procedures more harmonised and secure, compared to bilateral agreements between EU Member States.

The table below sums up the expected impacts for enhanced G2G collaboration for the Czech Republic for the most pertinent options discussed above.

Problem	Change
Administrative burdens in the management of goods crossing borders	+ (++)
Depending on the scope of enhanced G2G collaboration, the improvements relating to administrative burden could be limited (if there is simply a continued expansion of CERTEX) or more significant. For the benefits to be significant, it would be important for all EU regulatory requirements to be accepted digitally and the introduction of quantity management.	
Multiplication of information and procedural redundancies	+
As with the baseline scenario, enhanced G2G collaboration does not necessarily mean a reduction in multiplication of information or procedural redundancies. This would require a single-entry point for economic operators (as per B2G collaboration outlined overleaf). However, enhanced G2G collaboration could have a positive effect on this aspect if procedures and IT systems get harmonised / made interoperable between partner competent authorities and customs.	
Poor exploitation of electronic exchange of information	++
As with customs, economic operators would stand to gain from more seamless connections between government (nationally and with third party governments). This would need to be supported by digital signatures to allow for a fully paperless system and a change in costs (i.e. removing / reducing the need to send documents by courier as well as electronically). The costs of upgrading partner competent authorities' systems would likely be significant, but would lead to benefits for all in terms of smoother operations.	
Enforcement issues and information gaps	++
Enhanced G2G collaboration would open opportunities for improved enforcement and lead to improvements in understanding of the scale of problems, especially if the legal basis allows for quantity management. The scale of impact is difficult to estimate but would be positive.	

1.4.3. Options for enhanced B2G collaboration

Options 5-7 are about business-to-government (B2G), front-end cooperation that focus on different ways of streamlining reporting processes for the economic operators when dealing with the regulatory requirements. The options for B2G collaboration are mutually exclusive

(meaning only one can be pursued) and range from no action (covered under section 4.1); a common management portal (option 5); interoperable national Customs Single Windows (option 6) and Single EU Customs Single Window trader portal (option 7).

Both Czech customs and Czech economic operators want to see advancements on the B2G collaboration and all options are welcomed. Option 7 is though regarded as the most preferred solution, since it is very likely to generate cost and time savings. However, Czech customs sees the option as not very feasible since it would require substantial IT changes and investments for all EU Member States. This solution requires substantial political will at European level.

Option 6 is seen as the most realistic option by Czech customs, even if it would require large investments to digitise all partner competent authorities' processes. However, the benefits from doing so in terms of time savings and more secure processes (leading to less fraud and smuggling) suggest that the investments would be overweighed by the benefits in the longer term. A central solution with DG TAXUD as the coordinator / hub is wished for whichever solution that would be perceived. Czech customs would like to see this option together with a single-entry point authentication and authorisation, and with connectivity with other Member States, and with other IT projects / systems such as de UUMDS, CDMS or the Generic Trader Portal.

The table below sums up the expected impacts for enhanced G2B collaboration for the Czech Republic for the most pertinent options discussed above.

Problem	Change
Administrative burdens in the management of goods crossing borders	+++
The improvements relating to administrative burden for economic operators could be significant, meaning costs savings with less administrative work with only one single entry point. Benefits would especially arise if regulatory requirements today issued in paper-format would be included in the digital solution.	
Multiplication of information and procedural redundancies	++
This would be significantly improved with a single-entry point which would necessarily reduce the multiplication of information and could reduce procedural redundancies for all stakeholders, as well lead to cost-savings.	
Poor exploitation of electronic exchange of information	++
This would be significantly improved with a single-entry point which would need to be supported by full exploitation of electronic exchange of information. The benefits would bring added value (in terms of easier and safer process) for both the officials and economic operators, but not change the situation substantially due to the scale of the problem being medium.	
Enforcement issues and information gaps	++
The impacts from enhanced B2G collaboration vis-à-vis enforcement issues may occur as a more integrated system provides economic operators with a single reference outlining in one place all their obligations (some of which they have might be previously unaware of).	

1.5. Conclusions

This final section draws conclusions related to the severity of the problem in The Czech Republic and desirability and impacts of the different policy options.

1.5.1. Nature and scale of problems with the current situation

The current situation in the Czech Republic illustrates a country that is eager to digitise their customs processes but is hampered by issues relating to legislation or lack of competence / resources. Today, the country has a system with a mix of digital and paper-based regulatory requirements. This means that the administrative burden in management of goods crossing borders is relatively prominent for both officials and economic operators. The exploitation of electronic exchange of information is improving (thanks to the single window initiatives) but has a lot of potential to improve even more if more partner competent authorities would digitise their processes.

The more severe problems are about multiplication of information and enforcement issues. Both these problems relate to a lack of harmonisation of data and procedures, especially at an EU level, meaning that the Czech Republic itself could not do much to solve these problems without EU action.

Problem	Rating
Administrative burdens in the management of goods crossing borders	
Poor exploitation of electronic exchange of information	
Multiplication of information and procedural redundancies	
Enforcement issues and information gaps	

1.5.2. Assessment of EU SW-CVED

The Czech Republic has great ambitions of expanding the single window environment and is eager to continue the developments of the EU CSW-CERTEX project. However, the country is struggling with achieving its objectives due to voluntary Member State participation in the EU CSW-CERTEX project, EU legislation demanding paper-copies and a lack of clear mandate within the country to decide for partner competent authorities to join initiative. The EU SW-CVED pilot has made the process smoother for issuing CVEDs, but not as smooth as one could hope for (since paper documents are continued to be issued alongside). Regarding costs, it is difficult to assess any exact numbers, but according to customs officials the benefits are likely to overweigh the costs in the long-term, with cost savings of less staffing and more efficient procedures – as well as less fraud.

1.5.3. Feasibility and desirability of the policy options

The most desirable and the most feasible scenario are inversely related in the case of the Czech Republic, as briefly summarised below.

Scenarios
Baseline: The baseline scenario would see marginal or no improvements and does not address the main problems for the Czech Republic.
G2G: The expected impacts of enhanced G2G collaboration could be high, especially if paper-documents were no longer required for regulatory requirements. For the Czech Republic, the most important aspect is to make the EU CSW-CERTEX obligatory for all Member States to join, in order to enable quantity management (and thereby contribute to the enforcement of EU law to fight

smuggling and fraud). Moreover, the Czech Republic would prefer IT solutions being developed and maintained at an EU level, both to ensure the harmonisation of systems and data across the Member States, and to avoid to high costs for the Czech Republic.
B2G: The B2G solutions are very positively regarded by the Czech Republic, but the G2G solutions are prioritised to start with. Despite the more significant expected impacts of option 6 for B2G across all problems (and therefore its desirability), the feasibility is at the moment rather low in with too high upfront investments required as well as coordination among many partner competent authorities.

2. FRANCE

2.1. Introduction

This report is one of the eight country case studies that were carried out to provide evidence for the impact assessment of the initiative for developing an EU Single Window environment for customs. By collecting and analysing data on the current situation and expected future developments, the case studies aim to generate insight on the nature and scale of any existing problems and likely impacts of the policy options defined for the initiative. These include an option for no additional EU action, which would consist of the continued existence and gradual expansion of the EU Customs Single Window-CERTEX project (simply referred to below as CERTEX project).

Each case study used a common methodology based on a documentary review, feedback from national administrations provided through participation in the project group and interviews (mainly face-to-face) with officials from customs and partner competent authorities, and economic operators. The sample of eight Member States was selected in discussion with DG TAXUD with a view to covering complementary areas of interest and achieving a degree of representativeness.

Within this broader framework, the research on individual case studies varied according to national specificities such as geography, trading profile, administrative set-up and participation in the EU Single Window-CVED (Common Veterinary Entry Document) pilot project (the predecessor to the CERTEX project).

For France, the case study focused on:

- Experiences with implementing the national Single Window environment;
- Reasons for not joining the EU SW-CVED pilot and future participation in the CERTEX project;
- Controls related to export/import of diverse products (AGRIM, CVED and CHED-PP, dual use goods, military equipment).

The evidence for the case study is comprised of desk research and a set of interviews that took place during the week of 3 December 2018. The 14 interviewees included the customs authority (both business and IT units), partner competent authorities responsible for agriculture, food and plant products, and economic operators dealing with logistics and the import and export of aerospace and dual-use goods.

2.2. Background

This section presents an overview of France's profile for international trade, administrative and IT set-up for customs and other relevant regulatory requirements, to help understand the current situation in France and how it would likely evolve with the policy options under review. It also briefly presents the national Single Window environment for customs.

2.2.1. Trading profile

France's economy is the third largest in the EU28[131]. In 2017 (the latest year for which there is data), French sales of exported goods represented 9.2% of total EU exports, making it the second largest export country in the EU, after Germany.[132] Over a seven year

[131] European Union, 2018 (see https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180511-1?inheritRedirect=true)
[132] http://www.worldstopexports.com/top-european-export-countries/

period (2011- 2017) France accounted for about 9.4% of EU imports and 10.5% of EU exports.[133] Most French exports and imports are to/from the United States (7% and 6% respectively), and China (4% and 5% respectively).

The main port of entry is Paris Charles de Gaulle Airport. However, in the context of Brexit, French customs authorities aim to enhance performance of the ports on the Northern coast, by optimising clearance processes. The UK's exit from the EU will have a direct impact on customs authorities, economic operations and transport platforms in France. As such, Brexit is a significant, logistical and control challenge for these ports and for the cross-Channel fixed link.[134] French customs authorities have created a "Brexit mission", which is assessing the impact of Brexit on customs authorities and economic operators.

To get an idea of France's efficiency in clearing goods, we looked at the World Bank's Logistics Performance Index[135]. In 2018, France ranked highly (16th globally, and 9th among EU member States) in terms of trade logistics, including customs performance, infrastructure quality, and timeliness of shipments.[136] In terms of customs specifically[137], France ranked slightly lower, both globally (19th) and among Member States (10th). Of the six components used to calculate the ranking, customs and international shipments[138] were the highest scoring in France, indicating the clearance process is relatively efficient.

2.2.2. Administrative set-up

Several authorities have responsibility for matters that relate to the Single Window environment for customs. Overall responsibility for border management is held by the *Direction Générale des Douanes et Droits Indirects* (*DGDDI*), "Directorate General of Customs and Excise". Usually referred to simply as "la douane" (customs), it is the French law enforcement agency responsible for customs, excise, taxation and related matters[139]. The agency acts as a coast guard, border guard, sea rescue organisation and a customs service.

Customs works with partner competent authorities (ministries, associations, and other public administrations) to enforce legislation relating to prohibitions and restrictions for various goods and services[140], such as the Ministry for Agriculture and Food, Directorate General for Food (DGAL) or the National Interprofessional Seeds Association (*Groupement National Interprofessionnel des Semences et des plants – GNIS*).

About 15 competent authorities are responsible for controlling the import and export of various goods, applying more than 50 regulatory requirements, and delivering more than 30 *Documents d'Ordre Public (DOP)*, "documents of public order" (hereafter referred to as "supporting documents"). These relate to the implementation of national, European

[133]Eurostat data on external trade, average for 2011-2017: https://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database

[134] Douane francaise, Conference de presse de Gerald Darmanin sur les résultats de la douane française pour 2017 https://www.youtube.com/watch?v=tmgbxh5Gyaw&feature=youtu.be

[135] The LPI relies on an online survey of logistics professionals from the companies responsible for moving goods around the world: multinational freight forwarders and the main express carriers. Freight forwarders and express carriers are best positioned to assess how countries perform.

[136] The World Bank Group, 2018 (see https://lpi.worldbank.org/international/global?sort=asc&order=LPI%20Rank#datatable)

[137] defined as "Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs"

[138] Defined as "ease of arranging competitively priced shipments"

[139] Including preventing smuggling, surveillance of borders and investigating counterfeit money. Since 1995, the agency has replaced the Border Police in carrying out immigration control at smaller border checkpoints, at maritime borders and regional airports. Officers are routinely armed.

[140] A full list of prohibitions and restrictions and relevant government authorities/ departments available here: http://www.douane.gouv.fr/articles/a10913-restriction-de-circulation-ou-interdiction-de-certaines-marchandises

regulations, or international conventions such as the Convention on International Trade in Endangered Species (CITES).

2.2.3. Approach to electronic customs and IT architecture

Digitisation has been one of France's priorities for a long time. It is part of a broader simplification programme[141] announced by the President of France in 2013, for all public services. Simplification is intended to make procedures faster and more efficient, for both citizens and economic operators, with the aim to stimulate the economy. For economic operators, it means time and money savings, through reduced excessive and/or useless administrative burdens, a clearer and safer, but also more flexible, legal environment.

The French Single Window environment, referred to in France as the "GUN"[142], is one of the 485 measures of the simplification programme. It is a technical solution to remove the last barriers to full digitisation of the customs clearance process. It is part of a move towards more competitiveness and support to international trade through speed, security, and collaboration with economic operators. Within France it is seen as part of the broader international efforts promoted by the United Nations, the World Trade Organisation and the EU, to facilitate global trade through digitisation of customs formalities and electronic exchange of information.

The national IT architecture combines EU trans-national systems and nationally developed systems, which are collectively used for customs declarations and clearance, risk management, cargo manifests and transit. It is based on a connection between customs authorities' system ("DELT@-G"), and partner competent authorities' systems. Centralised EU systems are also contacted during the clearance process. The connection is web-service to web-service, supported by a digital authentication system.

2.2.4. Single Window state of play and key initiatives

The "GUN" is a system that allows the automated control of supporting documents that are required for customs clearance. It is part of the 2008 governmental programme to reduce and simplify the administrative burdens on economic operators. Two main criteria where used to identify which supporting documents to start with: the number of customs declarations involved per year and the preparedness of the partner competent authority.

The first connection was established in December 2015 between DELT@-G (customs' system) and i-CITES the *Direction Générale de l'Aménagement, du Logement et de la Nature* (DGALN), "Directorate-General for Planning, Housing and Nature's" IT system. As of December 2108, customs authorities had established links with five partner competent authorities:[143]

- January 2016 : The *Groupement National Interprofessionnel des Semences et des plants* (*GNIS*), "National Interprofessional Seeds Association";
- June 2016: *FranceAgriMer*, the French farm office;
- January 2017 : The *Institut de radioprotection et de sûreté nucléaire* (IRSN), "Radioprotection and Nuclear Safety Institute";
- June 2018: the *Service des Biens à Double Usage* (SBDU), Services for dual-use goods.

France decided not to participate in the EU SW-CVED pilot, which allows the EU database (TRACES) to issue and store CVEDs to connect with national customs processes in participant countries, for two reasons: French customs wanted to keep the quantity

[141] http://simplification.modernisation.gouv.fr/programme-de-simplification/
[142] Guichet Unique National (GUN) du dédouanement
[143] Two more links were in test phase.

management functionality[144] that their system allows for, and they were interested in obtaining a PDF version of the documents stored in the EU database, but this functionality (which would have allowed for the data to be used) was not part of the pilot.

Without these functions, the pilot was not useful for France. Instead, French customs authorities created a mirror database, which they call "TRACES FR". This version is managed nationally, by French customs, and allows for national level quantity management. The inclusion of quantity management and PDFs to the next iteration of TRACES, TRACES NT, means France is planning on joining the CERTEX project.

2.3. Current experiences

This section details the nature and scale of the current problems by analysing the processes for clearing goods crossing the French border. It first presents an overview of relevant processes, with a focus on specific types of goods and associated regulatory requirements. It then gives more detail on the most important problems with the current situation for different stakeholder groups.

2.3.1. Overview of clearance processes

In this section we provide an overview of customs clearance processes in France. We first outline facilitation measures as part of the French Single Window environment for customs, including regulatory processes for non-customs requirements. The second part of this section provides an example of the implementation of a connection between customs' system and a partner competent authority's system.

The Single Window environment for customs in France

In 2017, French customs processed around 11 million customs declarations, of which 51% were exports, 31% imports, and 18% transit arrangements[145]. 7.9 million declarations were processed through the Import Control System (ICS)[146], an increase of 8,2% compared to 2016.[147] Of the 5.82m export declarations, about 4% required supporting documents from competent authorities[148]. Of the 3.53m import declarations[149], about 7% required supporting documents from competent authorities.[150] Of these 467 000 customs declarations requiring supporting documents from other authorities, in 2017, about 9.2% were processed through the "GUN". In 2017, the following types of regulatory requirements accounted for the most significant volumes in France, all of which are included in "GUN":

- 69,900 (export) and 26 000 (import) certificates of conformity for fruits and vegetables (N002 / national code 2024);

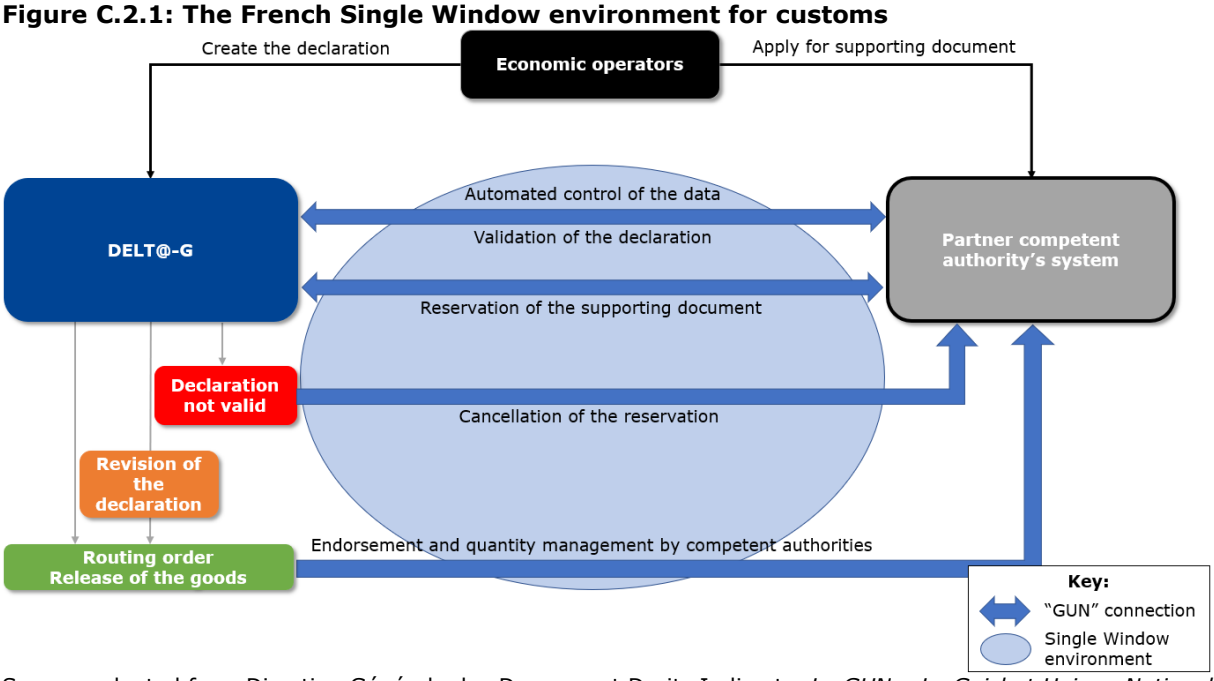
[144] Customs authorities record the entrance of the goods on the customs territory and give tangible form to it through the "attribution douaniere". This is an annotation on the title, mentioning quantity and value of the goods, number and date of the customs declaration.
[145] The codes used in the transit system are listed in Appendix D2 of Commission Delegated Regulation (EU) 2016/341 of 17 December 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council. The designations of these codes are not as precise as those in TARIC (e.g. there is no distinction between CVEDA and CVEDP) and the code ZZZ "other" is used for many required documents, such as CITES permits and various other commercial documents.
[146] EU regulation requires operators to make a declaration before importing from third countries.
[147] Direction générale des douanes et droits indirects, 2018, AGIR pour protéger – Résultats 2017
[148] For certain goods, regulatory requirements under the competence of partner administrations are to be fulfilled and added to the customs declaration.
[149] Not including small parcels declared through a special electronic clearance procedure.
[150] Customs declarations requiring a supporting document can be traced in customs' system, DELT@-G, by mentioning specific codes in box 44 of the SAD. Estimations provided by French customs are based on a search for the main supporting documents issued by other administrations in box 44.

- 50,100 registration certificates for exports of second-hand vehicles (national regulation code 0030);
- 47,900 Common Health Entry Documents for Plant Protection (CHED-PP) (N851) – this document covers Council Directive 2000/29/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products, and against their spread within the Community;
- 46,600 notifications of importation for fruits and vegetables, endorsed by the national control body (Commission Implementing Regulation (EU) No 543/2011[151], code 2026);
- 41,200 Common Veterinary Entry Document: Animal Products CVEDP (N853) – this is a common EU certificate for the import of veterinary products[152].

To enforce these requirements and the automated control of the associated supporting documents, French customs worked with partner competent authorities, to connect their IT system to DELT@-G, through the "GUN". This IT system is the basis on which to establish these connections. The link can only be established if the partner authority's system meets certain requirements, including the quantity management function, stability and maturity[153]. The process flow is summarised in annex to this case study report.

The process for import and export of goods requiring supporting documents included in the French Single Window environment is illustrated in the figure below.

Figure C.2.1: The French Single Window environment for customs



Source: adapted from Direction Générale des Douanes et Droits Indirects, *Le GUN – Le Guichet Unique National du dedouanement*, September 2017

Since the first connection was established in December 2015, the "GUN" processed 117,820 customs declarations. This has increased with the on-boarding of new partner competent authorities. As a result, during the first 10 months of 2018, 38,145 customs declarations were processed, including more than 70 000 supporting documents that were automatically controlled through the "GUN". The figure below presents the share of Single

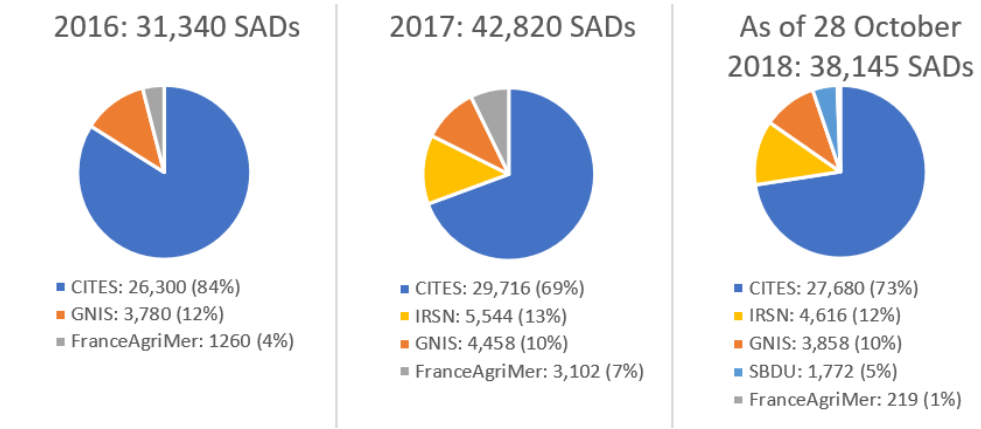
[151] of 7 June 2011 laying down detailed rules for the application of Council Regulation (EC) No 1234/2007 in respect of the fruit and vegetables and processed fruit and vegetables sectors

[152] Commission Regulation (EC) No 136/2004 of 22 January 2004 laying down procedures for veterinary checks at Community border inspection posts on products imported from third countries

[153] For military goods for example, the Directorate General of Armaments' (*Direction Générale de l'Armement* – DGA) IT system is not yet stable and a link with the SW is therefore on hold.

Administrative Documents (SADs) dealt with through the "GUN" since its implementation, for each partner competent authority.

Figure C.2.2: Number of declarations processed through the "GUN"



Source: adapted from Direction Générale des Douanes et Droits Indirects, *Le GUN – Le Guichet Unique National du dedouanement*, September 2017

In 2018, three major functional developments of the French Single Window environment occurred:

- Extension of the connection with the GNIS, "National Interprofessional Seeds Association", through the sending back of amended customs declarations after deliverance of the routing order (detailed box on this below);
- Two extensions of perimeter for the existing connection with *FranceAgriMer* for the automated control of additional Agri-food products (milk products to the US and rice) requiring Export certificate (AGREX);
- Implementation of a fifth connection between DELT@-G and the system of the Services for dual-use goods.

Example of a "GUN" connection

The following box presents how the interface between DELT@-G and a partner competent authority's system, the *GNIS* – National Interprofessional Seeds Association's system was set up.

Timeline: Work started end of 2013; connection started end of January 2016.

Workload: 150-200 person-days for the development of the extranet and interface

Budget: EUR 400/day – approximately EUR 80 000

Regulatory basis:

- Council Directive 2002/53/EC of 13 June 2002 on the common catalogue of varieties of agricultural plant species
- Council Directive 2002/55/EC of 13 June 2002 on the marketing of vegetable seed

Both directives indicate that only varieties that are registered in the official catalogue can be sold on the EU territory. According to the national system, the GNIS is responsible for delivering an administrative visa before the import. This visa used to take the shape of a paper Import Request with three sections: one for customs, one for the GNIS and one for the company.

Volume:

- 7 000 import requests /year
- 16 companies making more than 100 import requests /year
- 1 company making 1 100 import requests /year

Objective of the project: simplify, facilitate, and increase security of procedures

Workflow:

1. Economic operators – Application on the GNIS' extranet. Economic operators can validate and send the form when completed, but also manage, and sort out validated, used and expired applications.
2. GNIS – Treatment of the application. Economic operators receive an email when the visa is delivered.
3. Interface Customs-GNIS – After the reservation, economic operators can view availability on the GNIS' extranet. Expired visas close after 6 months.

Outcomes for economic operators:

- Removal of the administrative burden linked to mail exchanges with the GNIS
- Management and monitoring tool for applications
- Reduced delays

Outcomes for the GNIS:

- Removal of the administrative burden linked to mail exchanges with economic operators, and of the costs of paper documents
- Removal of the administrative burden linked to the physical stamp on the three sections of the Import Request, and of its archiving
- Same effectiveness of regulatory controls
- Data processing – no more manual data entry for external trade statistics
- Development of the extranet

2.3.2. Main problems in France

Several aspects of the abovementioned processes create problems for customs, partner competent authorities and economic operators; while there are also aspects that are typical problems elsewhere, which are less of a problem in France because of national initiatives. Using the problem tree (see section 3 of the main study report) as a starting point, the ensuing pages examine the different elements in detail. The impact of each problem on different stakeholders is illustrated using a rating system, where red denotes severe, amber denotes significant and green denotes negligible, as explained in the box below.

Rating	Explanation of rating
	Major weakness/problem and significant investment / complex solution needed to address this issue, which affects multiple stakeholders severely.
	Significant weakness/problem and some investment needed to address this issue, which affects more than one group of stakeholders significantly.
	Problem is only negligible and/or could be easily addressed with few regulatory hurdles and does not seriously impact any stakeholder.

Problem: Administrative burdens in the management of goods crossing borders

Rating	Explanation of rating	Main stakeholders affected and how
	Problem is only negligible in France as the national Single Window environment allows customs authorities' IT system to go look for the competent authority's supporting document in their system (which is the case for the highest volumes of	• Customs officials: no time/effort processing supporting documents, where a GUN connection exists. • Partner competent authorities: no time/effort exchanging with economic operators, where a GUN connection exists

	supporting documents entering/exiting France), although this does not cover all supporting documents or authorities there are no major barriers to its extension	• Economic operators: still apply to different competent authorities in each Member State

Administrative burdens in the management of goods crossing borders were not considered to be a significant problem in France, for customs and partner competent authorities, nor for economic operators. The "GUN" has already brought benefits in terms of efficiently reducing the administrative burden in the management of goods crossing borders.

Customs authorities' IT system draws and checks information directly from the partner competent authority through the "GUN", whereas before they had to wait for the documents to be manually checked. Human intervention is now about bringing added value: officers do a qualitative control when the system indicates an error, instead of a systematically checking. Similarly, partner competent authorities see the reduced administrative burden through greater automation as a benefit.

Nonetheless, the "GUN" is still a work in progress, as only five connections exist as of December 2018, concerning a small proportion of all the supporting documents despite covering the most important (volume-wise) supporting documents for goods in and out of the country.

Problem: Poor exploitation of electronic exchange of information

Rating	Explanation of rating	Main stakeholders affected and how
	Several actors with differing levels of digitisation at national and EU levels Lack of communication/ interoperability between systems	• Customs officials: limitation of the extent to which they can extend the French Single Window environment • Competent authorities: lack of IT systems • Economic operator: G2G – Limited impact

Poor exploitation of electronic exchange of information remains an issue in France, despite the clear majority (88%) of its international trade-related procedures being digital. The "GUN" initiative was used by some partner competent authorities to push the digitisation agenda. Where there has been digitisation this has already brought benefits, for instance in terms of making it possible to trace goods, the authority delivering the document knows when it is being used, as do economic operators and customs authorities, leading to better monitoring of the use of the supporting documents, and of their chronology.

Yet, some competent authorities have not fully digitised their systems, while others operate without an IT system in place for regulatory requirements. The *Direction générale des patrimoines*, "Department of National Heritage", for example, does not have an IT system for managing supporting documents, and issues them in hard copy. This is a clear barrier to fully digitising customs clearance processes. From a customs' point of view, the more digitised processes for regulatory requirements the better – as the costs of bridging systems are minor compared to the benefits of integrated digital processes.

This is also the case at EU level, where not all Member States are digitised, clearly limiting the extent to which the electronic exchange of information can happen. In addition, where Member States do have fully functioning IT systems, these are not necessarily interoperable (meaning electronic exchange of information cannot happen at EU level). For example, the second exporter of dual-use goods in France uses Dutch licences, which French customs cannot have access to. This means that economic operators need a paper version of the document for customs clearance in France. Indeed, customs clearance of goods using supporting documents delivered by another Member State is possible based on a paper version of the documents. The digitisation of this process would therefore only

be possible if electronic exchange of information between Member States' competent authorities were possible.[154]

Even when there is an EU-level system in place, such as TRACES, its potential functionalities for exchange of electronic information are not properly exploited, as explained above. So as of December 2018, quantity management and monitoring of the goods is only national.

Problem: Multiplication of information and procedural redundancies

Rating	Explanation of rating	Main stakeholders affected and how
	Procedural redundancies exist in France when digitised supporting documents must be printed out due to international legislation	• Customs and competent authorities: limited impact • Economic operators: when a paper version of a digitised document is needed this creates extra work with no added value

Multiplication of information and procedural redundancies were not presented as a significant problem in France, whether it be by customs or partner competent authorities.

Nonetheless, there are cases of procedural redundancies, with some digitised documents that must also be presented in paper format for example. This is the case with CITES. The "GUN" looks for the import/export permit or re-export certificate in the Management Authority's database, extracts the information in a PDF, which is incorporated into the automatic authorisation in Customs' system. But economic operators must then print the permit/certificate. The added value of the "GUN" is therefore diminished for economic operators due to a legal obligation emanating from an international convention.[155] This is particularly paradoxical given that CITES permits/certificates constituted on average 75% of the declarations dealt with through the "GUN" (see figure 3).[156] Nonetheless, the GUN connection between DELT@-G and iCITES does bring benefits to economic operators since clearance of the goods can happen 24/7, without physically presenting the permit beforehand. The economic operator can then go to the customs office with the paper document.

In addition, economic operators must create a declaration in customs' system and apply for supporting documents in the different competent authorities' systems. Even though this is a clear procedural redundancy, they did not report it as a problem. They did not actually see the benefits of a Single Entry Point, as economic operators consulted all had dedicated departments for customs and regulatory requirements. They indicated that these departments deal with different issues and are needed anyway.

Problem: Enforcement issues and information gaps

Rating	Explanation of rating	Main stakeholders affected and how
	This problem needs EU-wide action – harmonisation of systems to have comparable information across	• Customs: this is an essential weakness of the current environment for EU customs

[154] The EU is working on improving dual-use controls, to move from DUeS to electronic licensing. See: http://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156495.pdf and https://supportoffice.jp/outreach/2017/asian_ec/pdf/29Mr.StephaneChardonEU.pdf.

[155] Note that the French Directorate-General for Planning, Housing and Nature and its Swiss counterpart are working on the full digitisation of CITES permits between the two countries. Switzerland represents around 25% of France's CITES trade with third country.

[156] Note that with the new GUN connections planned for 2019 and the improvements of the one with the Services for dual-use goods, the share of CITES among the declarations dealt with through the GUN will decrease considerably.

	borders and requirement legislative action.	• Competent authorities: issues related to enforcement of respective regulations • Economic operators: indirect impact on society more broadly

The "GUN" led to improvements in security. The risk of fraud was higher before as the beneficiary of the authorisation was responsible for taking the original paper document from one customs office to another.

Nonetheless, poor exploitation of electronic information results in difficulties for enforcement of quotas and information gaps within, but also between, EU Member States. This makes it difficult to ensure that licenses are not copied and reused. The lack of harmonisation in EU systems and/or the lack of EU legalisation to underpin the development of such systems, means there is a barrier to EU-wide enforcement and gaps in information on the nature and scale of enforcement problems in the first place. Most importantly for France, while quantity management is possible nationally, this really needs to occur at the level of the single market for it to be meaningful. This is a major problem.

2.4. Likely future developments

This section provides insight on how the problems described above are likely to evolve, either through the continuation of the baseline scenario or through the pursuit of policy options for enhanced government-to-government (G2G) and/or business-to-government (B2G) collaboration. Potential impacts include direct costs and benefits for different stakeholders, as well as indirect effects related to the implementation of, and compliance with, given regulatory requirements.

Below we provide a summary of the expected impacts under different scenarios, followed by a summary of how well the problems outlined in section 3.2 would be addressed. For each problem, we provide a rating of the expected impact (as outlined in the box below).

Rating	Explanation of rating
+++	Problem would be substantially improved/eradicated
++	Problem would be improved to a significant extent
+	Problem would see some (limited) positive improvement
0	Limited or no change

2.4.1. Continuation of the baseline scenario in France

For France, the continuation of the baseline scenario would be a continued expansion of the national Single Window environment with more connections established with new partner competent authorities.

In addition, France is planning to join the CERTEX project, meaning it will connect the "GUN" with the EU's TRACES NT database, which has the right capabilities in terms of quantity management and data summarised in a PDF. However, French customs will first maintain a mirror database, until the "GUN" connection with TRACES NT is established.

A gradual expansion of G2G collaboration through the increase of the scope of the CERTEX project to cover other EU regulatory requirements is the target path for French customs authorities, the same way the GUN project will continue to be expanded. The one-off costs of gradually expanding the scope of the CERTEX project would be borne by French customs authorities (no other stakeholders would have any direct costs). These were not considered to be significant, as the basis is already there.

The direct benefits of joining the CERTEX project are quantity management and electronic exchange of information, as well as a smoother and more efficient operation through

automatic updates on the status of the supporting documents. Some additional benefits could occur, in terms of efficiency depending on the regulatory requirements covered.

According to French customs authorities, the CERTEX project will have an accelerator effect on the national Single Window environment, pushing it to realise its full potential. In addition, the CERTEX project is viewed as a tool to encourage convergence and harmonisation at EU level, which is essential for the delivery and the effective implementation of EU law.

At the national level, the "GUN" initiative started as a discussion with all competent authorities and is being implemented on a voluntary basis through bilateral connections. Partner competent authorities, which are not connected to "GUN", are expected to progressively introduce/improve their IT systems over the medium to long-term (the one-off costs of doing so vary depending on the current state of digitisation of the authority). In the long-term, it is likely that connection with the "GUN" will become mandatory.

There have been no formal discussions on the move to a Single Entry Point in France (i.e. Business-to-government collaboration). Interestingly, economic operators consulted did not consider this necessary. They explained that within their internal structures, customs and regulatory requirements are the responsibility of different departments/services and require different expertise. As such, they are unfazed by continuing to have separate entry points for customs declarations and for supporting documents. Nonetheless, they clearly expressed an appetite for full digitisation of all application procedures and more generally of competent authorities to introduce greater efficiencies into the import/export process.

In terms of indirect benefits under the baseline scenario, continued cooperation between customs and partner competent authorities would be likely to continue. The "GUN" project has already had the effect of improving collaboration between different authorities more than expected. Authorities must discuss extensively to establish a connection, and this requires getting to know each side. As explained by those involved in these processes, teams from the different authorities work together during the development phase and continue to work together on a regular basis to oversee management and delivery. As such, they develop their knowledge of the different relevant regulations, which in turn improves customs-related processes. French customs representatives consulted acknowledged that customs used to constitute a special sector, "where no one usually ventures", which is not the case since the "GUN" project.

The table below sums up the expected impacts under the baseline scenario for each of the main problems and shows these would be positive overall but not significant.

Problem	Change
Administrative burdens in the management of goods crossing borders	+
This would continue to improve as new partner competent authorities and regulatory requirements, such as war equipment for example, are covered. The possibility to retrieve information from TRACES NT through the CERTEX project would also remove the potential administrative burden of having to look for such information.	
Multiplication of information and procedural redundancies	+
This would also continue to improve as economic operators gradually have fewer authorities to interact with, aside from the application process for supporting documents as linkages between customs and partner authorities become automatic.	
Poor exploitation of electronic exchange of information	+

Over time, the electronic exchange of information is expected to improve as more partner competent authorities digitise their systems. However, the benefits would be limited by the lack of guarantee that other countries would make the same investments. This means information may continue to be incomplete if the CERTEX project is not made mandatory.	
Enforcement issues and information gaps	+
Problem would be solved to a significant extent for French customs authorities, who insisted on the importance of quantity management and PDF version of supporting documents stored in EU databases. Nonetheless, the voluntary nature of the CERTEX project means the scope for gains in enforcement remains limited if not all Member States participate.	

2.4.2. Options for enhanced G2G collaboration

These options involve putting in place a legal basis to boost back-end, G2G cooperation on the exchange of data relating to a different category of regulatory requirements and specific technical solutions for implementation. The options are not mutually exclusive but can be combined depending on the pros and cons of including distinct categories of regulatory requirements.

French customs believe that the connection must happen between Member States, i.e. national customs authorities must connect to each other. However, they also stressed how complicated it is nationally to connect to 15 competent authorities, so doubted the feasibility of G2G collaboration between customs authorities at EU level.

Nonetheless, the benefits of enhanced G2G collaboration would be significant. Indeed, it would improve security. The more complete the data on goods entering and exiting, the more secure the market. In addition, if some aspects are missing, goods are treated differently, and the process can be slower. For dual use goods for example, French customs would be interested in knowing how many licences are delivered in other countries. It could be possible by uploading licences on a European platform[157]. The current decentralised system means Member States hold data that are not directly available to other Member States. Having interoperable systems, only allowing access to the authorisations, is a conceivable solution. In this case, interoperability is key.

Currently, systems are not interoperable, and information is hard to get. French customs authorities believe that when electronic documents are stored in national databases, the identification of the issuing Member State is vital to allow the clearance system to interrogate the right database. Therefore, as a first step to G2G, non-customs authorities should be encouraged to mention their country code inside the reference numbers of the supporting documents they issue, as with CVEDs, CEDs, etc. The harmonisation of the document codes used in transit declarations (appendix D2 of Regulation 2016/341) and in export/import declarations (TARIC database) should also be encouraged to allow the use of electronic supporting documents both with transit and export/import declarations.

In the short term, the priority for France is to join the CERTEX project and to expand it to as many supporting documents as is possible, but also to provide a solid legal basis to underpin it (i.e. option 1). The direct costs of doing so would be the same as for the continuation of the baseline, the main additional benefits resulting from a solid legal basis, would be those associated with quantity management (which relate to security and enforcement primarily).

[157] Under development. See: http://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156495.pdf and https://supportoffice.jp/outreach/2017/asian_ec/pdf/29Mr.StephaneChardonEU.pdf

The table below sums up the expected impacts for enhanced G2G collaboration for France for the most pertinent options discussed above, if systems are interoperable.

Problem	Change
Administrative burdens in the management of goods crossing borders	+
This would improve as enhanced G2G collaboration would require less effort from customs/competent authorities to retrieve information from other Member States or at EU level. Economic operators would see reduced administrative burden over time.	
Multiplication of information and procedural redundancies	+
This would improve for customs and competent authorities as information would not need to be duplicated, as it could simply be shared. Yet, economic operators would still have to input information through two channels, one for customs, and one for supporting documents.	
Poor exploitation of electronic exchange of information	++
Customs would stand to gain from more seamless connections between government (nationally and with third party governments). This would need to be supported by digital signatures to allow for a fully paperless system and a change in costs. The costs of upgrading partner competent authorities' systems could be significant for some but would lead to benefits for all in terms of smoother operations.	
Enforcement issues and information gaps	++
Enhanced G2G collaboration would open opportunities for improved enforcement and lead to improvements in understanding of the scale of problems. The scale of impact is difficult to estimate but would be positive.	

2.4.3. Options for enhanced B2G collaboration

Options 5-7 are about B2G, front-end cooperation that focuses on diverse ways of streamlining reporting processes for the economic operators when dealing with the regulatory requirements. The options for B2G collaboration are mutually exclusive and range from no action (covered under section 4.1); a common management portal (option 5); interoperable national Customs Single Windows (option 6), to a Single Entry Point for Customs-related procedures through a trader portal managed at EU level (option 7).

French customs want their national IT infrastructure to remain in place. In fact, this was presented as a condition for further developments. Nonetheless it is essential that national systems connect with Community tools, such as TRACES (G2G). This is France's ambition and objective. Therefore, option 6 is viewed positively in France, as customs authorities believe it would allow for the continuation of the national single window environment. In their view, option 6 allows for adaptation to national regulatory requirements and associated supporting documents. However, the "GUN" is limited to G2G cooperation. Neither French customs, nor economic operators, are calling for B2G cooperation. As such, their appetite for option 6 is based on this understanding of what constitutes a Single Window, which falls short of a Single Entry Point. If option 6 were pursued, France want the implementation of a Single Entry Point to be optional, given the heavy burdens it would imply on customs and competent authorities to change their system again.

Option 7 is not desirable as it does not favour France's considerable advances. It does not allow national authorities to have access to useful data either and makes Member States dependent on the European tool, without building their capacity, which is seen as restrictive. A harmonised interface for interacting with the various electronic systems used to deal with EU regulatory requirements (option 5) would have little impact for many economic operators who are already directly connected to customs' and other relevant authorities' systems (using the Electronic Data Interchange (EDI)).

The table below sums up the expected impacts for enhanced B2G collaboration for France assuming option 6 were pursued.

Problem	Change
Administrative burdens in the management of goods crossing borders	+
Because the French approach to the Single Window environment does not include a Single Entry Point, the improvement in administrative burden would only go so far.	
Multiplication of information and procedural redundancies	+
As with the administrative burden, the possible impact in terms of reducing procedural redundancies would be limited but positive.	
Poor exploitation of electronic exchange of information	+++
If option 6 were pursued, all Member States would have to digitise processes for entry and exit of goods at the border. This would lead to substantial positive impacts for French customs who currently must deal with manual/paper-based systems in other Member States and are unable to exploit the potential of digitised information at the EU level.	
Enforcement issues and information gaps	++
For option 6 to function, national Single Windows must be interoperable. This means that customs authorities in different Member States will need to collaborate with one another thereby encouraging convergence and harmonisation at the EU level, akin to the benefits observed in France as customs worked with competent authorities to understand their needs and vice versa, as illustrated in section 2.3.1).	

2.5. Conclusions

This closing section draws conclusions related to the severity of the problem in France and desirability and impacts of the different policy options.

2.5.1. Nature and scale of problems with the current situation

The current situation is not optimal but still satisfying stakeholders to a large extent, especially since improvements linked to the national Single Window environment are likely to continue. Nonetheless, electronic exchange of information remains limited due to the low level or lack of digitisation of some partner competent authorities, and of some Member States. When these do have IT systems, the exchange of information is limited because of the lack of interoperability. The continued use of paper, even where digital solutions are implemented, remains a problem for economic operators. The most significant problem is the lack of EU wide quantity management.

Another problem in France is the impact of Brexit in terms of logistics, both in terms of the capacity of the IT systems to treat a significantly higher number of declarations, or in terms of physical set up to allow for inspections by customs and partner competent authorities.

Problem	Rating
Administrative burdens in the management of goods crossing borders	
Poor exploitation of electronic exchange of information	
Multiplication of information and procedural redundancies	
Enforcement issues and information gaps	

2.5.2. Assessment of the EU SW-CVED/CERTEX projects

Whereas it was not the case for the EU SW-CVED pilot, the CERTEX project is in line with French customs authorities' needs. Customs authorities confirmed the relevance of having an EU level database, if the information it contains is usable and retrievable by national authorities. Although customs authorities were positive about the functionalities of the CERTEX project, for the change to be significant at EU level, it would need to be mandatory.

The cost of bridging French customs' system to the EU's TRACES NT database should be minor, as it will only require adapting TRACES FR, the mirror database they already created. As is the case of the French Single Window environment in general, the benefits over time are greater than the costs: a more efficient and secure customs clearance process.

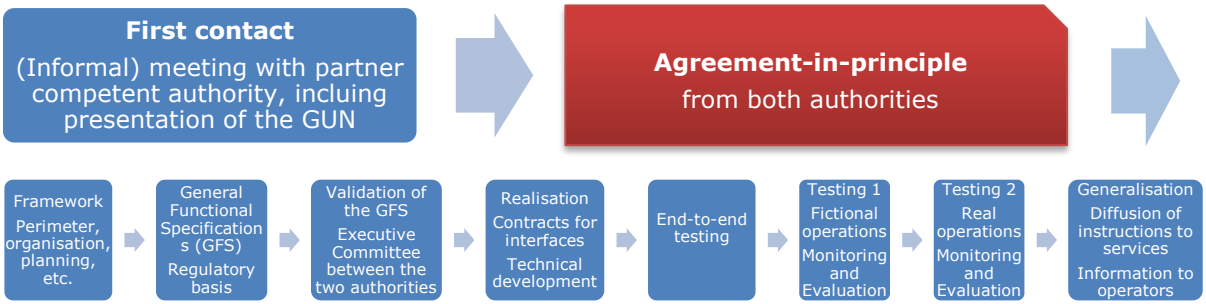
2.5.3. Feasibility and desirability of the policy options

In the case of France, the most desirable policy options lead to the same scenario, as briefly summarised below.

Scenarios
Baseline: The baseline scenario would see increasing improvements linked to the enlargement of the Single Window environment and French customs engaged in the CERTEX project.
G2G: The expected impacts of enhanced G2G collaboration could be high, especially if all systems (at EU level) were interoperable.
B2G: Option 6 is desirable for France but there are concerns about any mandatory action.

APPENDIX C.2: PROCESS FOR ESTABLISHING A GUN CONNECTION

Figure C.2.3: Typical sequencing/process for the establishment of a new "GUN" connection



The agreement-in-principle is a roadmap used until full implementation of the connection. It is an important political commitment signed by the Director General and sent to the partner competent authority. Given that customs do not financially support the partner competent authority's necessary adaptation, this commitment must come from a sufficiently high level.[158] Communication is important throughout, as authorities must have the same understanding and definition of the different components so that systems are interoperable. Economic operators are systematically involved once the testing phase begins.

[158] The role of the sponsor is indeed essential, as (s)he "is accountable for ensuring that the work is governed effectively and delivers the objectives that meet identified needs". Novare Consulting Ltd., Association for Project Management.

3. IRELAND

3.1. Introduction

This report forms one of the eight country case studies that were carried out to provide evidence for the impact assessment on a potential new initiative, namely the EU Single Window environment for customs. By collecting and analysing data on the current situation and expected future developments, the case studies aim to generate insight on the nature and scale of any existing problems and likely impacts of the policy options defined for the new initiative. These include an option for no additional EU action, which would consist of the continued existence and gradual expansion of the EU Customs Single Window-CERTEX project (simply referred to as CERTEX project throughout).

Each case study used a common methodology based on a document review, feedback from national administrations provided through participation in the project group and interviews (mainly face-to-face) with officials from customs and partner competent authorities and economic operators. The sample of eight Member States was selected in discussion with DG TAXUD with a view to covering complementary areas of interest and achieving a degree of representativeness.

Within this broader framework, the research on individual case studies varied according to national specificities such as geography, trading profile, administrative set-up and participation (or not) in the EU Single Window-CVED pilot project (EU SW-CVED, the predecessor to CERTEX project).

For Ireland, the case study focused on:

- Experiences with the EU SW-CVED pilot
- Controls related to import of agricultural products and live animals (AGRIM, CVED and CHED-PP)

It also mentions specific issues relating to port infrastructure (in Dublin), given the impact of this on clearance times.

The case study draws on desk research and a series of interviews from a field visit during the week of 22 October 2018. The 16 interviews were comprised of five customs officials responsible for customs policy, electronic customs and IT developments, partner competent authorities dealing with the import and export of agricultural products and live animals, and economic operators including freight forwarders, and agricultural importer/exporters.

3.2. Background

Some background information is needed to understand the current situation in Ireland and how it would likely evolve for the policy options under review. This section presents an overview of Ireland's profile for international trade, administrative and IT set-up for customs and other relevant regulatory requirements. It also briefly presents progress towards a customs single window at national level in Ireland.

3.2.1. Trading profile

Ireland accounts for about 1.5 % of EU imports and 3.2 % of EU exports.[159] While small, this is a greater proportion of trade than its 4.9 million / 1 % of the EU population would suggest.[160] Much of this trade takes the form of high value goods from the pharmaceutical

[159] Eurostat data on external trade. For info, the gross value of imports to Ireland in 2017 stood at EUR 78,691.1 million, and it had a gross value of exports of EUR 121,856.6 million.
[160] Irish Central Statistics Office, 2018
(see https://www.cso.ie/en/statistics/population/populationandmigrationestimates/)

/ health, aircraft, and IT sectors[161]. Certain agricultural goods form a significant part of Irish trade[162].

Currently the main types of port of entry are sea[163] (which is significantly higher in volume) and air[164]. This is unlikely to change significantly, even with Brexit, as trade through the land border with Northern Ireland is relatively low. Nonetheless, of note for Ireland is the substantial impact of Brexit, and how this will change Ireland's trading profile. A recent study commissioned for Ireland's Department for Business, Enterprise and Innovation stated: "*Our study finds that Ireland is uniquely exposed to Brexit due to a very high trade intensity with the UK. Approximately 15 per cent of Irish goods and services exports are destined to the UK. In certain sectors, the UK is an especially important market, such as the agri-food sector where around 40 per cent of exports are destined for the UK. In addition, two-thirds of Irish exporters make use of the UK landbridge to access continental markets."*[165]

To get an idea of Ireland's success in clearing goods efficiently, we looked at its logistics performance as assessed by the World Bank[166]. Ireland ranks highly (25th globally, and 12th among EU Member States) in terms of trade facilitation and ease of doing business overall[167]. In terms of customs specifically[168], Ireland ranks slightly higher globally (22nd), but the same place among EU Member States (12th). Of the six components used to calculate the ranking, customs was the lowest scoring within Ireland, followed by infrastructure[169]. This suggests that, in Ireland, the efficiency of the clearance process is the weakest link and improvements here would be important to improve the overall logistics performance.

3.2.2. Administrative set-up

Several authorities have responsibility for issues that relate to a potential Single Window environment. First among these, with overall responsibility for border management, are the Revenue Commissioners. Usually referred to simply as "Revenue", it is the Irish Government agency responsible for customs, excise, taxation and related matters[170].

The Customs Division (hereafter "Irish customs") sits within Revenue and is charged with development of policy, legislation and international functions for Customs. The Information & Communications Technology & Logistics Division (ICTL), which also sits within Revenue, deals with the IT infrastructure for Irish Customs as well as Taxation. The Customs and the ICTL Divisions share responsibility for the management of Customs' electronic systems.

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[161] Source: WTO, Ireland trade profile information (2017); see also Eurostat data (International trade of EU, the euro area and the Member States by SITC product group; Code: ext_lt_intertrd).
[162] Source: WTO, Ireland trade profile information (2017)
[163] Eurostat data for Gross weight of goods handled in all ports by direction - annual data Code: mar_go_aa shows annually 53 351 thousand tonnes pass through Irish ports.
[164] Mainly through Dublin airport (approx 135 000 tonnes annually) but some also through Shannon airport (approx 10 500 tonnes annually) (Eurostat: Freight and mail air transport by main airports in each reporting country [avia_gooa])
[165]The impacts of Brexit, Department for Business, Enterprise and Innovation commissioned study (Copenhagen Economics, 2017)
[166] The LPI relies on an online survey of logistics professionals from the companies responsible for moving goods around the world: multinational freight forwarders and the main express carriers. Freight forwarders and express carriers are best positioned to assess how countries perform.
[167] Based on mean across logistics performance index 2012-2018 (https://lpi.worldbank.org/)
[168] defined as "Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs"
[169] Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology).
[170] Revenue currently employs approximately 5 968 staff (full time equivalents). Staff are located in some 70 Revenue offices distributed throughout the country, with head office in Dublin.

For example, the e-customs branch of the Customs Division manages the day to day live issues with the systems and only refers to the ICTL Division if the issue is technical.

Revenue works with a range of partner competent authorities (government departments, agencies, commissions, authorities and cultural institutions) to enforcement legislation relating to prohibitions and restrictions for various goods and services[171]. For example, meat or meat products require a licence from the Department of Agriculture, Food and the Marine and endangered species require a licence from the National Parks and Wildlife Service. There are 17 different bodies and different units within some of them who are charged with controlling the import and export of various goods.

3.2.3. Approach to electronic customs and IT architecture

Revenue has the so-called "Automatic Entry Processing" (AEP) system for the validation, processing, duty accounting and clearance of custom declarations. Economic operators use the "Direct Trader Input" via the Revenue Online Services on the Revenue website to communicate with the AEP[172]. Submission of the Single Administrative Document (SAD), required for all import declarations, is electronic, but a paper document is sometimes also required when the goods arrive and before they are cleared. This occurs in a minority of cases, 90% of imports will not require submission of accompanying paper documents. Depending on the type of good, certain regulatory requirements are still based on paper documents. The full clearance process is explained in more detail in section 3.3.1.

The national IT architecture is a combination of EU transnational systems and nationally developed systems, which collectively are used for entry summary declarations, risk management, clearance, cargo manifests and transit. Centralised EU systems and databases are also used or contacted during the clearance process[173]. The connection is web-service to web-service, supported by a digital authentication system.

3.2.4. Single Window state of play and key initiatives

Ireland does not have a Single Window environment for customs. This means that clearance for any goods subject to regulatory requirements other than customs entails separate interactions for economic operators with customs and partner competent authorities.

However, Ireland is participating in the EU SW-CVED pilot project, which aims to enhance government-to-government (G2G) collaboration regarding CVED by linking the customs IT system to an EU database called "TRACES". Ireland was the first Member State to go live with the project in 2015 and decided at the end of 2017 to expand its participation through the successor CERTEX project to include CHED-PP and COI, which are covered by an enhanced EU database "TRACES NT".

As a relatively small Member State (accounting for less than 3% of EU trade), Ireland prefers making use of what is developed at EU level, rather than building bespoke national solutions for relatively small volumes. EU systems are considered more resource efficient for Ireland, where economies of scale found in other countries do not provide justification for one off investments. In the case of the EU SW-CVED pilot, the cost for Irish customs to connect to the EU system was low. It involved three Revenue staff working full-time for a period of two months to develop a bridge between the Irish web-service (AEP system, Revenue Online Services) into TRACES. Officials estimated that with the experience gained building the CVED link, significantly fewer resources will be necessary to build the link for

[171] A full list of prohibitions and restrictions and relevant government authorities/ departments available here: https://www.revenue.ie/en/customs-traders-and-agents/documents/prohibitions-restrictions.pdf

[172] See https://www.revenue.ie/en/customs-traders-and-agents/customs-electronic-systems/aep/direct-trader-input.aspx

[173] For example: EORI (Economic Operator Registration Identification), REX (Registered Exporter System), CDS (Customs Decision System), eBTI (Binding Tariff Information).

CHED-PP and COI. In practice, the connection built between the Irish system and TRACES requires TRACES to be "polled" every hour to check for updates. Where updates have been made in TRACES, these then appear as updates in the Customs IT system (AEP). This regular hourly polling goes on for a period of ten days. After that, manual checks regarding the status of documents are required.

3.3. Current experiences

This section details the nature and scale of the current problems by analysing the processes for clearing goods through the border in Ireland. It first presents an overview of relevant processes, with a focus on the specific types of goods / regulatory requirements, and an outline of how the EU SW-CVED pilot (and its successor) work in practice. This is followed by more detail regarding the most important problems with the current situation for customs authorities, partner competent authorities and economic operators.

3.3.1. Overview of clearance processes

In this section we provide an overview of goods clearance processes in Ireland. We first outline customs processes (with a focus on aspects with the highest level of effort and administrative burden and facilitation measures). Then we outline the regulatory processes for non-customs requirements. The last part of this section details the processes relating to the EU-CSW pilot project.

Customs processes

Revenue processes around 1.4 million customs declarations every year, of which 53% are imports and 47% exports, in addition to around 57 000 transit arrangements[174]. Some of these goods are subject to regulatory requirements in fields other than customs. To enforce these requirement, Irish customs works with partner competent authorities.

According to customs officers interviewed, around a third of 119[175] Trade Facilitation custom officers' working time relates to ensuring compliance with customs procedures and rules.

Customs checks (i.e. documentary and physical controls) mainly apply to imports. Exports are generally checked only for safety and security reasons and in 2016, less than 0.5% of export declarations – or 3,300 export declarations - were checked[176]. In 2016, 6% of import declarations – or 44,520 - were checked and less than 2% - or fewer than 14,800 - were physically checked. Most of these physical checks were carried out in approved warehouses and other premises[177], with a very small number at a port or airport.[178]

[174] Source: Niall Cody, Chairman of Revenue (opening statement to committee on Finance, Public Expenditure and Reform, and Taoiseach) 25 May 2017

[175] Figure provided by customs authorities on 14 January 2019, specifying that it will be significantly greater in 2019 with the arrival of a new deal BREXIT.

[176] The proportion of physical checks on export consignments is generally very low. Nationally, in 2018 less than 0.1% of export consignments were flagged for a physical check.

[177] Consignments of live animals and products of animal origin being brought into the EU can only be imported at an approved BIP (Border Inspection Post). Customs cannot permit the release into free circulation of goods or animals not already cleared by the relevant collocated BIP. The Department of Agriculture, Food and the Marine has put infrastructure in place and granted approvals as follows:
Dublin Port - packed products of animal origin; Dublin Airport – horses; and Shannon Airport - packed products of animal origin, horses, cattle, sheep pigs and goats.

[178] Source: Niall Cody, Chairman of Revenue (opening statement to committee on Finance, Public Expenditure and Reform, and Taoiseach) 25 May 2017

Several factors allow for the low level of import checks, namely pre-authorisation of traders, advance lodgement of declarations and an extensive system of post-clearance checks, including customs audits, which are carried out at traders' premises. "Authorised Economic Operators" (AEOs) have a special status and under agreed protocols can operate greatly simplified customs procedures. There are currently 155 AEOs[179].

Non-customs regulatory requirements

When customs officers check import or export declarations for certain goods they may be required to check the regulatory requirements under the competence of partner authorities are fulfilled. Sometimes, they may also need to liaise with partner competent authorities for physical checks of goods. Customs officials estimated this accounted for two thirds of their work. The most frequent such regulatory requirements involve collaboration with the Department for Agriculture, Food and the Marine (regarding AGRIM, CVED and CHED-PP) in Ireland, and equivalent authorities overseas. For exports, the main partner for customs is the Department of Business, Enterprise and Innovation (which deals with Dual-Use licenses).

More specifically, the following types of regulatory requirement account for the most significant volumes in Ireland and are by extension the more resource intensive to manage:

- **Agricultural produce import licence (AGRIM) (L001)**: this is required for the import of most agricultural goods from outside the EU[180] and issued by EU Member States at the national level. The volume of AGRIM is approximately 9 000 per year (representing just over 1% of import declarations).
- **Common Veterinary Entry Document: Animal Products (CVEDP) (N853)**: this is a common EU certificate for the import of veterinary products – in addition to the certificate, the EU regulation[181] sets down rules for the inspection of goods at border inspection posts. Ireland deals with is approximately 8 000 CVED-P per year (or 1% of import declarations).
- **Common Health Entry Document for Plant Protection (CHED-PP) (N851)**: this document covers Council Directive 2000/29/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products, and against their spread within the Community. Ireland deals with approximately 2 500 of these documents per year (or 0.3%).

For exports, one of the most common regulatory requirements – in addition to customs – is the Dual use export authorisation (X002). This is required for goods that can be used for both civil and military purposes (including software and technology) – this concerns around 13 000 (or 2% of exports).

Processes relating to key regulatory requirements

As explained already, Ireland participated in the EU SW-CVED pilot project and is piloting its successor, the CERTEX project. After some initial hiccups were overcome relating to the routing system introduced for goods (which was not understood and led to some confusion among economic operators), the process is operating smoothly.

The process for import of goods requiring CVED and/or CHED-PP is illustrated in the figure below. As illustrated, the EU SW-CVED allows the EU database for issuing and storing CVED

[179] Ibid.
[180] Detailed rules for the application of import licences and the product groups for which licences may be required are laid down in EU Regulations. The product groups are; beef and veal; cereals; ethyl alcohol of agricultural origin; flax, hemp and hempseeds; garlic and preserved mushrooms; milk and milk products; olive oil and table olives; pig meat; poultry; rice; seeds; sugar.
[181] Commission Regulation (EC) No 136/2004 of 22 January 2004 laying down procedures for veterinary checks at Community border inspection posts on products imported from third countries

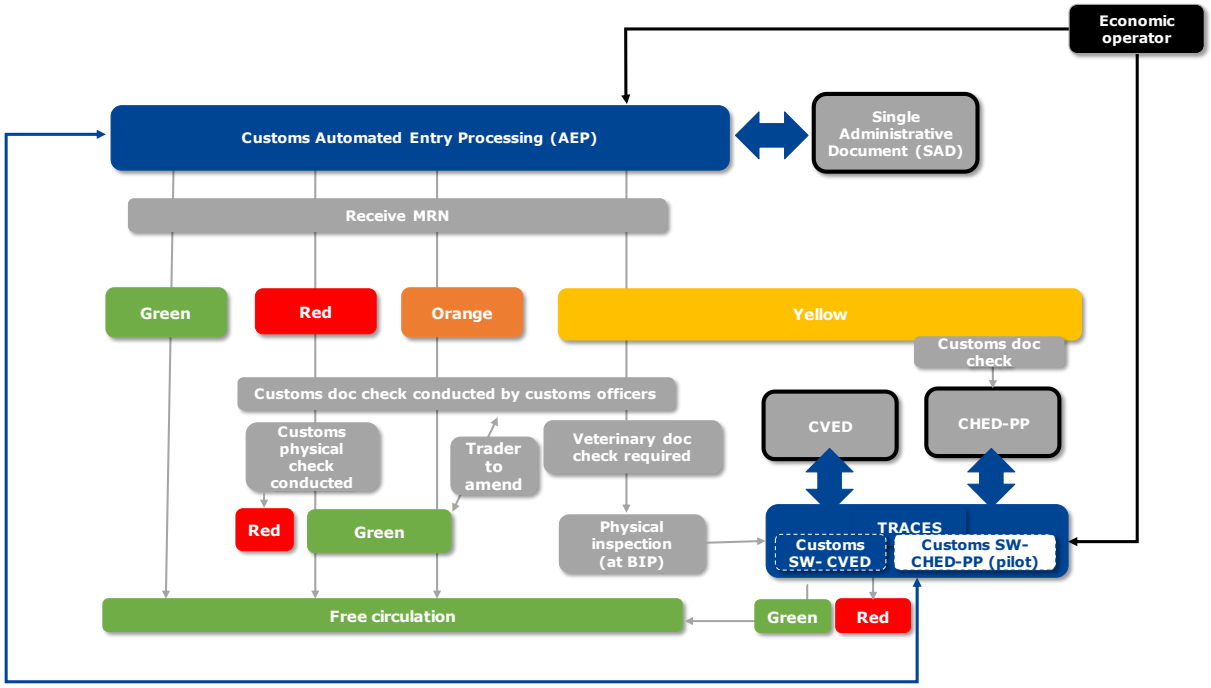
and CHED-PP (TRACES) to connect with the Irish customs processes. The importer or customs agent has access to the AEP (to complete the SAD) and to TRACES (to complete the CVED or CHED-PP).

The first step in the process requires the customs agent or importer to apply for a CVED through TRACES. The SAD is subsequently lodged and will be rejected in AEP if it does not contain the application number from TRACES in Box 44 (the SAD will not be complete until the CVED or CHED-PP is issued, unless the importer has a valid CVED from another Member State[182]). Once the SAD is in the AEP, the importer or agent receives a MRN (Movement Reference Number). With the MRN, the importer/agent can then input information electronically for the CVED or CHED-PP (including the MRN). The AEP communicates with various EU databases (including TARIC – which includes information on veterinary controls required) and gives the consignment one of four possible routings:

- Green means no checks are required and the goods can enter circulation freely.
- Red means the goods need to be controlled by customs (and require both a documentation and a physical inspection).
- Orange means that customs need to check accompanying documentation.
- Yellow means no customs check is required only a veterinary inspection. In this case, the veterinary inspectors complete the CVED in TRACES.

Throughout the processes shown below, a lot of informal communication (e.g. phone calls) also takes place between customs officers, partners and agents to help with planning and smooth the process. It is also worth reiterating that despite the electronic systems in place, the SAD and CVED and CHED-PP (as well as the documents that feed into them) are submitted in hard copy.

Figure C.3.1: Import process



Source: adapted from presentation by Department for Agriculture, Food and the Marine

[182] Requirements for CVED number in SAD allows for automatic clearance of consignments with valid CVEDP generated in another Member State.

3.3.2. Main problems in Ireland

Several aspects of the abovementioned processes create problems for customs, partner competent authorities and economic operators. Using the problems defined in the problem tree (see section 3 of the main study report) as a starting point, the ensuing pages examine these in detail. The impact of each problem on different stakeholders is illustrated using a rating system, where red denotes severe, amber denotes significant and green denotes negligible (as explained in the box below).

Rating	Explanation of rating
	Major weakness / problem and significant investment / complex solution needed to address this issue which affects multiple stakeholders severely.
	Significant weakness / problem and some investment needed to address this issue which affects more than one group of stakeholders significantly.
	Problem is only negligible and/or could be easily addressed with few regulatory hurdles and does not seriously impact any one stakeholder.

Problem: Administrative burdens in the management of goods crossing boarders

Rating	Explanation of rating	Main stakeholders affected and how
	Major weakness / problem and significant change needed to address this issue due to lack of harmonisation of regulatory requirements at EU level and perverse incentives from EU regulatory requirements.	• Customs officials: significant time / effort processing licenses • Partner competent authorities: significant time / effort producing licenses • Economic operators: apply to different authorities in each Member State

Feedback from customs officers and customs brokers showed that dealing with the paper-based documents generated an unacceptably high administrative burden in Ireland. This is especially true of AGRIM licenses, which were reported to be the single most time-consuming aspect of work for customs officers (who manually check the preference and the quota). In Dublin Port alone, there are two full-time customs staff dedicated to dealing with the administration involved in checking these licenses. This was echoed by customs agents. While both customs officers and customs agents reported benefits of the EU SW-CVED, they felt these are dwarfed by the effort of dealing with AGRIMs.

To understand the problem better, some background to how the AGRIM works is needed. AGRIM is the abbreviation for the import license required for the import of most agricultural products. The license specifies the volume which can be imported and the customs duty (if any) applicable. Economic operators have a certain volume that is not subject to duties. The more established economic operators can build up an economic case for an entitlement to duty-free import for different goods.

As explained by customs officers, at the heart of the problem of the administrative burden they face is the incentive for economic operators to apply for many licenses for small volumes to avoid paying customs duties. By doing so, economic operators build up a history and track record. Over time, these economic operators establish an entitlement to more quota for import of higher value products.

In sum, this creates a mass of paperwork essentially to avoid customs duties (as well as creating trade barriers for smaller companies). To illustrate this, customs officers showed the study team a single consignment with 170 individual licenses attached to the same number of subsidiary companies (owned by one parent company), each importing 146kg of poultry. This allows the company to avoid paying customs duties (estimated at EUR 61 000). Since the validation of these licenses is entirely manual, this is hugely time-consuming not just for customs officers, but also for customs agents, who estimated the extra burden of paperwork associated with the AGRIM is 20% of the total paperwork they deal with.

Problem: Poor exploitation of electronic exchange of information

Rating	Explanation of rating	Main stakeholders affected and how
	Significant investment needed and multiple actors with differing levels of resource	• Customs officials and competent authorities: out of date systems act as a brake to collaboration • Economic operators: duplication of effort

Part of the reason for the problem described below (whereby there are paper and digital versions of the same documents) is that few partner competent authorities have managed to fully digitise their systems. The Department for Agriculture, Food and the Marine issues AGRIM in hard copy. The Dual-use export license, although based on an e-application, is issued in paper format. The same is true for the certificate for shipment of waste (see box below). These are barriers to digitising customs clearance processes. Significant investments in digital systems were planned but require some lead time (budget estimations varied and ranged from EUR 100 000 to 1 million). Adding to this, economic operators, stressed that existing digital systems (such as the AEP) are slow and in need of modernisation. From customs' point of view, the more digitised processes for regulatory requirements the better – as the costs of bridging systems are minor compared to the benefits of integrated digital processes.

Even when systems are digitised, many of them do not "speak" to each other, leading to the same information being input multiple times. For example, some information in the SAD is also included in the CVED application. A Single Entry Point and the re-use of data would be simpler.

Problem: Multiplication of information and procedural redundancies

Rating	Explanation of rating	Main stakeholders affected and how
	Significant weakness / problem and would require legislative change in multiple areas to support dematerialisation	• Economic operators / customs officials / partner competent authorities: inefficient use of resource and not realising full benefits of an electronic environment

Despite some digitised aspects (including the EU SW for CVED), there is still a lot of paper documents that feed into the clearance process or are required alongside. Even the SAD, which is completed digitally and feeds into the AEP, is printed out and submitted in hard copy alongside other paper documents. The requirement for paper documents is seen as an inconvenience and inefficient. Given the multiple actors providing various paper documents (whether it is a bill of lading or the SAD), the complexity involved in full digitisation, makes this problem significant. Within Ireland, the requirement for paper versions of documents (including the SAD and CVED) continues. Interviewees implied that unless there is a legal imperative for fully digital processes, the parallel systems could continue indefinitely.

To illustrate the problem, we can look at the case for declarations requiring a CVED. Despite the existence of the electronic database and connection between TRACES and Irish customs, once customs have conducted their own checks (documentary and, where required, physical checks), a message must be faxed to the Department for Agriculture to alert them that the goods are ready for inspection. From that point, transportation from the customs warehouse to the border inspection post can be arranged. While the input of data into the electronic system saves importers / customs agents some time (because applications can be copied across and edited) at no additional cost (as the service is free), customs agents continue to pay the costs of sending documents by courier to customs for validation. Customs also must arrange for storage (for audit purposes).

Problem: Enforcement issues and information gaps

Rating	Explanation of rating	Main stakeholders affected and how
	This problem needs EU-wide action – harmonisation of systems to have comparable information across borders.	• Customs officials and competent authorities: out of date systems act as a brake to collaboration • Economic operators: duplication of effort

Poor exploitation of electronic information results in difficulties for enforcement of quotas and information gaps within, but also between, EU Member States. For example, in many countries (including Ireland), AGRIMs are only produced in hard copy and not collated in any central database. This makes it difficult to ensure that licenses are not copied and reused. Similarly, for trans-frontier shipments of waste, the lack of uniformity between systems (with some countries using digitised systems and some countries only accepting paper; and with diverse ways of recording volumes) means there is no EU-wide data and no way to check/verify between countries (see also box below). In both the above cases, the lack of harmonisation in EU systems and/or the lack of EU legalisation to underpin the development of such systems, means there is a barrier to EU-wide enforcement and gaps in information on the nature and scale of enforcement problems in the first place.

In some cases, the absence of centralised system and full data sharing between Member States can be justified – as in the case of dual-use licenses where data storage is especially sensitive due to national security / trade concerns.

TFS (Trans-Frontier Shipments) Regulations and Procedures in Ireland

Since 12 July 2007, Dublin City Council has been the designated National Competent Authority for the export, import and transit of waste shipments as per the Waste Management (Shipments of Waste) Regulation[183].

All trans-frontier shipments of waste originating in any local authority area in Ireland that are subject to the prior written notification procedures must be notified to and through Dublin City Council at the National TFS Office established to implement and enforce the Regulations.

As explained by stakeholders in Ireland, national governments have their own systems for notification, some digitised, some not. Those that are not digitised (which currently includes Ireland) must receive paper documents by courier. It was also explained that the ways of recording volumes are not consistent between Member States making it difficult for comparisons to be made or for the collation of figures for different countries to understand the volumes of waste being exported, and where to.

Additional problem (specific to Ireland): Infrastructure for physical inspection in Dublin Port

Rating	Explanation of rating	Main stakeholders affected and how
	This problem is specific to the Port of Dublin but causes delay and cost to several stakeholders.	• Customs officials and competent authorities: inefficient process and administrative effort • Economic operator: delays and cost of moving goods

Not all problems are directly related to the absence of a Single Window environment for customs. Customs officers and veterinary inspectors emphasised that, for the Port of Dublin, the infrastructure does not allow for simultaneous inspection of goods by customs

[183] S.I. No. 419 of 2007 Waste Management (Shipments of Waste) Regulations, 2007. These Regulations gave effect to provisions contained in Commission Regulation (EC) No. 1013/2006 on transfrontier shipments of waste, which sets out new notification procedures, specifies revised waste listings and strengthens enforcement provisions in relation to waste movements within, into and out of the EU.

and partner authorities creating unnecessary delays in the clearance of goods. More specifically, economic operators need to transport goods between the customs premises (where customs checks are carried out) and Border Inspection Post (where compliance with other regulatory requirements is verified). This has been reported as time-consuming and costly.

Improving the infrastructure for inspection was considered by stakeholders to be a priority to speed up clearance processes. By comparison with other problems, this was considered to a serious impediment to smooth clearance processes. There are intergovernmental plans to construct new inspection premises for use by all government agencies and within the confines of the Port area, and Brexit is speeding them up.

3.4. Likely future developments

This section provides insight on how the problems described above are likely to evolve in the future, either through the continuation of the baseline scenario or pursuit of policy options for enhanced G2G and/or B2G collaboration. Potential impacts include direct costs and benefits for different stakeholders, as well as indirect effects related to the implementation of, and compliance with, given regulatory requirements. Below we provide a summary of the expected impacts under different scenarios, followed by a summary of how well the problems outlined in section 3.2 would be addressed. For each problem, we provide a rating of the expected impact (as outlined below).

Rating	Explanation of rating
+++	Problem would be substantially improved / eradicated
++	Problem would be improved to a significant extent
+	Problem would see some (limited) positive improvement
0	Very limited or no change

3.4.1. Continuation of the baseline scenario in Ireland

For Ireland, the continuation of the baseline scenario implies **a gradual expansion of G2G collaboration as the scope of the CERTEX project is increased to cover other regulatory requirements**, namely CHED-PP and COI. Partner competent authorities are expected to progressively introduce digital processes over the medium to long-term (i.e. 5 years minimum). The one-off costs of doing so vary by authority (estimates given ranged from EUR 100 000 to EUR 1m). There have been no formal discussions with partner competent authorities on the move to a Single Entry Point meaning there are no near-term plans for a national Single Window. There is just an appetite for the increased use of technology to introduce greater efficiencies into the import/export process.

The one-off costs of gradually expanding the scope of the CERTEX project would be borne by Irish Customs (no other stakeholders would have any direct costs). These were not considered to be significant (less than 0.5 FTE annually). The direct benefits are positive but similarly, are expected to be limited. The benefits of expanding the CERTEX project would be akin to the benefits realised through the EU SW-CVED pilot, for instance more efficient and effective routing of consignments (as explained under 3.1.1.), and a smoother and more efficient operation through automatic updates in the AEP on the CVED status. Some additional benefits could occur (in terms of efficiency and ease of doing-business depending on the regulatory requirements covered).

In terms of indirect benefits under the baseline scenario, the EU SW-CVED pilot led to more targeted manifest checks limited to risk-based searches for unusual consignments rather than systematic checks for "normal" consignments given the improved ability to identify unusual consignments. These benefits as well as a continued enhanced cooperation between customs and partner competent authorities (i.e. better understanding of each

other's controls creating a platform for future increased integration of Customs and partner controls) would be likely to continue under the baseline scenario.

The table below sums up the expected impacts under the baseline scenario for each of the main problems and shows these would be positive overall, but would not sufficiently address the problems.

Problem	Change
Administrative burdens in the management of goods crossing borders	**+**
Customs officers highlighted the expected benefits of CHED-PP. Whereas customs are the "end-user" of CVED, CHED-PP is expected to remove some procedural redundancies and reduce the administrative burden for customs officers (as well as economic operators). Customs officials explained the simplifications will not be possible for all types of goods, but for 40% of goods requiring CHED-PP, the administrative burden will be lower resulting in time saving. Despite the improvements mentioned, the problem of administrative burdens in the management of goods crossing borders would continue to be significant under the baseline scenario. Without any legislative changes to the status quo, all stakeholders would continue to spend considerable time/effort dealing with regulatory requirements that are outside of the CERTEX project, namely AGRIM, which is a considerable portion of time. If paper continues to be required along-side, the expected improvements in terms of administrative burden are estimated to be low.	
Multiplication of information and procedural redundancies	0
The multiplication of information and procedural redundancies remain under the baseline scenario. With no change to the legal basis for customs and/or non-customs regulatory requirements, and no Single Entry Point for data submission, parallel paper submission would continue, as would the duplication of information. This means costs would not differ substantially while the duplication of information submitted would continue for economic operators.	
Poor exploitation of electronic exchange of information	+
Over-time the electronic exchange of information is expected to improve as more partner competent authorities digitise their systems. Realising the benefits of an increasingly paperless environment would allow customs officials and competent authorities to collaborate more easily. However, the benefits would be limited by the lack of any guarantee that the same investments would be made in other countries (e.g. for trans frontier of waste shipment licenses). This means paper may have to continue regardless of modernisation efforts in Ireland.	
Enforcement issues and information gaps	0
The impacts in relation to enforcement issues and information gaps are limited under the baseline scenario. The main impacts would be similar to the results of the EU SW-CVED pilot (i.e. more understanding of controls and more targeted searches through better risk analysis) but expanded in line with increased supporting documents coverage. However, the voluntary nature of the CERTEX project means it lacks a quantity management function, which limits the scope for gains in enforcement.	

3.4.2. Options for enhanced G2G collaboration

These options involve putting in place a legal base to boost back-end, G2G cooperation on the exchange of data relating to a different category of supporting documents and specific technical solutions for implementation. The options are not mutually exclusive but can be combined depending on the pros and cons of including different supporting document categories.

In the short term, the priority for Ireland is the expansion of CERTEX to as many supporting documents as is possible and to provide a solid legal base around the project. The direct costs of doing so would be the same as for the continuation of the baseline (i.e. 0.5 FTE per annum per regulatory requirement), the main additional benefits would result from a solid legal base which would allow for quantity management.

In the medium to longer-term, the main category of supporting documents that customs authorities would be interested in further collaboration are AGRIM, given the burden associated with them outlined in detail in section 3.2. Assuming any legal issues relating to increased harmonisation of AGRIM could be agreed at EU level, the direct costs would depend on the technical solution agreed. The option favoured by Ireland would be for a central solution developed at the EU level, which the Irish Department for Agriculture, Food and the Marine (and EU counterparts) could access, and which AEP could be connected into. As such, the direct costs for Ireland would be low. The expected benefits would be a significant reduction in administrative burden (estimated to take up 2 FTE now), and an improvement in the electronic exchange of information (the paper associated with AGRIM was estimated to increase paper-flow by 20%). Indirect benefits would be better oversight and a reduced possibility for fraud (which is more difficult to quantify).

For some partner competent authorities there are barriers to enhanced G2G cooperation (e.g. dual use export license where sensitive security information is at stake).

The table below sums up the expected impacts for enhanced G2G collaboration for Ireland for the most pertinent options discussed above.

Problem	Change
Administrative burdens in the management of goods crossing borders	+ (++)
Depending on the scope of enhanced G2G collaboration, the improvements relating to administrative burden could be limited (if there is simply a continued expansion of CERTEX) or more significant. For the benefits to be significant, it would be important for AGRIM to be digitised throughout the EU and linked up to the system.	
Multiplication of information and procedural redundancies	0
As with the baseline scenario, enhanced G2G collaboration does not necessarily mean a reduction in multiplication of information or procedural redundancies. This would require a Single Entry Point for economic operators (as per B2G collaboration outlined overleaf).	
Poor exploitation of electronic exchange of information	+
As with customs, economic operators would stand to gain from more seamless connections between government (nationally and with third party governments). This would need to be supported by digital signatures to allow for a fully paperless system and a change in costs (i.e. removing/reducing the need to send documents by courier as well as electronically). The costs of upgrading partner competent authorities' systems would be significant but would lead to benefits for all in terms of smoother operations.	
Enforcement issues and information gaps	+
Enhanced G2G collaboration would open opportunities for improved enforcement and lead to improvements in understanding of the scale of problems. The scale of impact is difficult to estimate but would be positive.	

3.4.3. Options for enhanced B2G collaboration

Options 5-7 are about business-to-government, front-end cooperation that focus on different ways of streamlining reporting processes for the economic operators when dealing with the regulatory requirements. The options for B2G collaboration are mutually exclusive and range from no action (covered under section 4.1); a common management portal (option 5); interoperable national Customs Single Windows (option 6) and an EU Customs Single Window trader portal (option 7).

In principle, Irish Customs would support Option 6 if it was introduced as part of a realistic development plan and if the timing was right (i.e. it would need to be part of a longer-term plan).

Given the other demands on Irish Customs (under the UCC and the UK's withdrawal from the EU) and given Irish traders are not putting forward any demands for a Single Entry Point facility, the possibilities for enhanced B2G collaboration are considered unrealistic in the near-term. In addition, economic operators are experiencing delays and other problems getting their supporting documents through the TRACES system means that economic operators are failing to realise the full benefits of the solution.

The expected impacts of pursuing option 6 would be significant but would also require significant investments by Irish Customs and partner competent authorities. It is problematic to estimate the scale of the investments required but given there are at least 17 different partner competent authorities, most of whom need to fully digitise their systems which would cost between EUR 100 000 – 1m each, meaning this would be a massive investment. The high direct costs would be mirrored by significant benefits for (or an eradication of) all the problems currently encountered. It is difficult to estimate exactly the scale of benefits but clearly the investment would be matched by a (more) seamless trade environment.

The table below sums up the expected impacts for enhanced B2G collaboration for Ireland assuming option 6 were pursued.

Problem	Change
Administrative burdens in the management of goods crossing borders	+++
The improvements relating to administrative burden could be significant, especially given all the most cumbersome processes (such as AGRIM) would have to be included in the national Single Window.	
Multiplication of information and procedural redundancies	+++
This would be significantly improved with a Single Entry Point, which would necessarily reduce the multiplication of information and could reduce procedural redundancies for all stakeholders.	
Poor exploitation of electronic exchange of information	+++
This would be significantly improved with a Single Entry Point, which would need to be supported by full exploitation of electronic exchange of information.	
Enforcement issues and information gaps	++
The impacts from enhanced B2G collaboration vis-à-vis enforcement issues may occur as a more integrated system provides economic operators with a single reference outlining in one place all their obligations (some of which they have might be previously unaware of).	

3.5. Conclusions

This last section draws conclusions related to the severity of the problem in Ireland and desirability and impacts of the different policy options.

3.5.1. Nature and scale of problems with the current situation

The current situation is suboptimal, particularly in relation to the administrative burden associated with management of goods crossing borders (for which the processes for dealing with AGRIM received most emphasis during the visit) and the poor exploitation of electronic information (given the low level of digitisation of partner competent authorities, and the continued use of paper even where digital solutions exist). The other severe problem relates to infrastructure: The Port of Dublin is not set up efficiently to allow for inspections by customs and partner competent authorities, this needlessly adds to timelines for clearance of goods.

Problem	Rating
Administrative burdens in the management of goods crossing borders	
Poor exploitation of electronic exchange of information	
Multiplication of information and procedural redundancies	
Enforcement issues and information gaps	

3.5.2. Assessment of EU SW-CVED

The EU SW-CVED pilot (and the CERTEX project) corresponds to stakeholders' needs. For CVED, CHED-PP, and COI, the competent authorities confirmed the relevance of having integrated management of regulatory requirements. However, certain regulatory requirements are less relevant for Ireland – for example the volume of trade requiring FLEGT is so low that it is not relevant for Ireland. Many needs are not addressed by the EU SW-CVED pilot. For example, although economic operators were positive about the relevance of developments, the solution had not significantly changed the way they work, either positively or negatively (with paper documents continuing to be used alongside). Economic operators also reported problems with the functionalities of the TRACES system.

The cost of bridging the Irish electronic customs into the EU's TRACES database was minor (3 FTE over 2 months). The benefits (over time) are greater than the costs: more efficient and effective routing of consignments and a smoother and more efficient operation through automatic updates in the AEP on the CVED status. In sum, for Ireland the EU SW-CVED pilot was an added value. With no national initiatives on-going, the opportunity to connect into an EU developed initiative was valuable.

3.5.3. Feasibility and desirability of the policy options

The most desirable and the most feasible scenario are inversely related in the case of Ireland, as briefly summarised below.

Scenarios
Baseline: The baseline scenario would see marginal improvements but does not provide much in the way of impetus for improvements to address the main problems for Ireland.
G2G: The expected impacts of enhanced G2G collaboration could be high, especially if AGRIM were digitised and included in any solution. Even if enhanced collaboration only introduced a legal base for the CERTEX project, this would lead to positive change and would be feasible.
B2G: Despite the more significant expected impacts of option 6 for B2G across all problems (and therefore its desirability), the feasibility is low in the immediate term with too high upfront investments required as well as coordination among many partner competent authorities.

4. NETHERLANDS

4.1. Introduction

This report forms one of the eight country case studies that were carried out to provide evidence for the impact assessment on a potential new initiative, namely the EU Single Window environment for customs. By collecting and analysing data on the current situation and expected future developments, the case studies aim to generate insight on the nature and scale of any existing problems and likely impacts of the policy options defined for the potential new initiative. These include an option for no additional EU action, which would consist of the continued existence and gradual expansion of the EU Customs Single Window-CERTEX project (EU CSW-CERTEX).

Each case study used a common methodology based on a document review, feedback from national administrations provided through participation in the project group and interviews (mainly face-to-face) with officials from customs and partner competent authorities and economic operators. The sample of eight Member States was selected in discussion with DG TAXUD with a view to covering complementary areas of interest and achieving a degree of representativeness.

Within this broader framework, the research on individual case studies varied according to national specificities such as geography, trading profile, administrative set-up and participation (or not) in the EU Single Window-CVED pilot project (EU SW-CVED, the predecessor to EU CSW-CERTEX).

For the Netherlands, the case study mainly focused on:

- Experiences of the country's current systems for customs clearance processes
- Regulatory requirements related to import and export of waste material and import and export of live animals and animal products[184].

It also mentions specific issues relating to port infrastructure (in Rotterdam and to some extent Amsterdam), given the impact of this on clearance times.

The evidence for the case study is comprised of desk research and five interviews with customs authorities, partner competent authorities responsible for waste shipments, and economic operators made up of freight forwarders and customs brokers. The interviews took place during in the week of 17 December 2018.

4.2. Background

Some background information is needed to understand the current situation in the Netherlands and how it would likely evolve for the policy options under review. This section presents an overview of the Netherland's profile for international trade, administrative and IT set-up for customs and other relevant regulatory requirements. It also briefly presents progress towards a customs single window at national level in the Netherlands.

4.2.1. Trading profile

International trade constitutes a significant part of Dutch prosperity, being one of the main pillars of Dutch economy. Due to the country's geographical location with the port of Rotterdam being the largest European port and the Amsterdam Schiphol airport being the second largest EU entry point for air cargo, the country is a very important European hub for trade. Of EU's total import / export, the Netherlands accounted for 14.8% respectively 7.6% in 2017.[185] The same year the Netherlands rated as the world's fifth biggest exporter

[184] A focus due to the profile of the interviewees.
[185] Eurostat data on external trade.

and eighth biggest importer. The main commodity groups for both exports and imports are manufactures (IT and telephone equipment, construction machinery, electrical and electronic components, printing equipment and semi-conductor manufacturing), agricultural products (plants, flowers, dairy products, meat, fruit and vegetables) and fuels and mining products.[186] The Rotterdam port creates jobs for about 180 000 people and generates annually a revenue of EUR 45-46 billion for the Dutch economy[187] and the revenue generated only from customs declarations is about 3% of the country's total GDP.[188]

The Netherland's main trade partners are EU Member States (mainly Germany, Belgium, the United Kingdom, France and Italy), the United States of America and China. Since the United Kingdom is a significant trading partner (accounting for 8.6% of Dutch total exports and 5.3% of Dutch total imports in 2017[189]), Brexit is a priority currently a priority issue for Dutch customs and traders.

To understand the Netherlands' success in clearing goods efficiently, we looked at the country's logistics performance as assessed by the World Bank. In terms of trade facilitation and ease of doing business overall, the Netherlands is doing very well, ranking number two both globally and among EU Member States. In terms of customs specifically, the Netherlands ranks as number three globally and as number two among EU Member States. Out of the six components which are used to calculate the ranking, customs was the second lowest scoring within the Netherlands, after international shipments.[190] This suggests that improvements of the customs procedures, as well as the clearance processes of international shipments at the port, would enable to even further improve the overall logistic procedure.

As mentioned above, the case study partly focused on movements of waste across borders. In this area the Dutch government is very ambitious, with a vision of having a 100 percent waste circular economy by 2050 (and 50 percent in 2030), meaning 100 percent recyclable products. Currently, the Netherlands has about 2-3% completely recyclable products. This is an interesting aspect since there is much of waste being shipped out from the port of Rotterdam, e.g. waste with the final destination of India or China.[191] Since waste shipments are regulated by the European Waste Shipment Regulation (EWSR), certain regulatory requirements need to be fulfilled. In 2017, 15 245 documents related to waste import were issued, and 9 238 for export. This was an increase with 185% from the previous year for import, and with 333% for exports.[192] This shows that waste is an increasingly important good, which together with it being a priority for the Dutch government, justifies a work towards more efficient and effective procedures dealing with waste. Today, these waste documents need to be issued in a hard copy according to the EU legislation, which hampers an efficient and modern clearance process, according to Dutch officials.

4.2.2. Administrative set-up

Dutch customs is part of the Dutch Tax and Customs Administration ("Belastingdienst") and monitor the import, export and transit of goods in the Netherlands. The head office is located in Rotterdam and houses about 200 staff members. With eight regional offices,

[186] Source: WTO, the Netherlands trade profile information (2017).
[187] Source: Port of Rotterdam. https://www.portofrotterdam.com/en (accessed 2018-12-20).
[188] Source: Figures provided by the customs head office on the 18 December 2018.
[189] Source: WTO, the Netherlands trade profile information (2017).
[190] Source: The World Bank. Mean across logistics performance index 2012-2018. https://lpi.worldbank.org/international/aggregated-ranking?sort=asc&order=Customs#datatable (accessed 2019-01-07).
[191] Source: Interview with the Human Environment and Transport Inspectorate on the 17 December 2018.
[192] Source: Figures from Homework assignment 1.

three national services organisations and one national targeting centre spread across the country, the total number of employees is 4821 (2017), which according to the Dutch customs means 3% of the total customs officers across the EU. In addition, customs has two facilitations (one in Rotterdam and one at Amsterdam Schiphol airport) where controls on import, export and transit are carried out. Currently an additional 600-900 staff is being hired to deal with Brexit's consequences for Dutch trade, which is one out of two main priority areas for the Dutch customs at the moment. The second priority area is the compliance with the requirements of the Union Customs Code.[193]

The head office in Rotterdam deals with overarching questions regarding customs procedures, but also with issues related to policy and trans-national initiatives (driven by e.g. the EU or the World Customs Organization) and IT developments. All single window related initiatives as have also been the responsibility of the Dutch customs. The regional and entry-point located offices have a more hands-on, operational function and deal with customs declarations processes and risk management related checks.

Dutch customs is subject for about 70 additional laws relevant for customs declarations regarding the import, export or transit of goods to/from the European Union.[194] Some of these laws stipulate the obligation of regulatory requirement documents, most of the cases issued by partner competent authorities, for the movement of a specific type of good. Therefore, Dutch customs collaborate with eight ministries[195] and about 20 agencies regarding this aspect. The most common regulatory requirements concern security and health. According to the Dutch customs, there is no competitiveness between the partner competent authorities, enabling a well-functioning cooperation and helpful climate between them.

In some cases, a partner competent authority would be called for by the Dutch customs to assist in a check of a consignment. For example, regarding waste shipments, the Human Environment and Transport Inspectorate is sometimes consulted since this inspectorate has certain in-house expertise regarding waste. According to the inspectorate, it is consulted in approximately 25% of the total checks of waste shipments conducted by the customs office at the ports.[196]

4.2.3. Approach to electronic customs and IT architecture

The Dutch government's Digitalisation Strategy[197] stipulates that as much as possible should be digitised within the governmental departments and authorities, as part of the adaption to the increasingly digitised global world. Currently, all the information that is communicated to the Dutch customs is done digitally. It is only certain regulatory requirements that are demanded for in paper format, which is due to EU legislation. When a customs declaration is submitted, it is notified whether a regulatory requirement document is needed, and then the process is linked to the relevant partner competent authority.

The customs declaration process of collecting all relevant data has become smoother during the last couple of years. Three years ago, the waiting time at the Rotterdam port for the

[193] Source: Interview with the customs head office on the 18 December 2018.
[194] Source: Interview with the customs head office on the 18 December 2018.
[195] Namely the Ministry of Finance; Ministry of Economic Affairs and Climate Policy; Ministry of Agriculture, Nature and Food Quality; Ministry of Infrastructure and Water Management; Ministry of Foreign Affairs; Ministry of Justice and Security; Ministry of Health, Welfare and Sport; Ministry of Education, Culture and Science.
[196] Source: Interview with the Human Environment and Transport Inspectorate on the 17 December 2018.
[197] "Dutch Digitalisation Strategy, Getting the Netherlands ready for the digital future" (2018), Government of the Netherlands.

clearance of goods was in average three days, now it is in average one day. The main reason for this decrease in time was the introduction of pre-arrival of information, meaning that the customs could do the risk analysis in advance.[198]

The Dutch customs is using a hybrid of different IT solutions, both national (e.g. their own customs declaration IT system called the Aangiftesysteem (AGS), where all kinds of customs declarations can be done) and trans-European (e.g. Excise Movement and Control System, Export Control System, Import Control System and the Integrated Tariff of the European Union, TARIC, all used for different aspects of the customs clearance processes).

The Dutch customs is working according to the World Customs' Organisation data model, through the EU Customs Data Model system (EU CDMS), the "data model 4.2". The long-term objective is to have one data set and one integrated message for all information, instead of the current system with separate messages. In order to comply with the system, which is part of the new requirements of the Union Customs Code, the Dutch customs must develop an interference system.

Economic Operators have mainly two different options when it comes to communicating with the Dutch customs' IT system. Either, they can buy a data programme on the market (or develop it themselves) and then connect to the customs' IT system, or they can use a web-based service and submit the declaration online. Customs does not accept or provide any paper-documents, apart from certain regulatory requirements with EU legal basis. The full clearance process is explained in more detail in section 4.3.1.

4.2.4. Single Window state of play and key initiatives

The Netherlands has single window environments for maritime and air transport. The maritime single window means a system with the reporting of formalities, e.g. formalities regarding shipments, such as the shipment's passenger list and produced waste). It has a similar single window environment for air cargo, but it does also include customs (unlike the maritime single window).

The long-term objective for the Netherlands is to have one, overarching single window environment for trade and transport/logistics with all these, currently non-connected single window environments, connected. What is needed achieve this is the interlinking of data, so that data can be reused for the whole logistic chain. According to the Dutch customs, the country has come a bit more than half-way towards this objective and still needs to invest approximately EUR 30-35 000 000 for future steps. The Dutch customs is currently working with the transport authorities and ministry of infrastructure and waterways on this project.[199]

Currently, the Netherlands has no single window environment for customs, but developments are ongoing. The estimated future set-up costs for a customs single window system are EUR 50-55 000 000 (excluding maintenance costs). The Dutch customs is also looking at developments on a national level regarding third countries data exchange, e.g. with countries like China and Thailand.

The Netherlands is not a part of neither the Single Window-CVED pilot project nor the EU Customs Single Window-CERTEX project (EU CSW-CERTEX). The reason for not participating is said to be the fact that the projects were built on the IT system Common Communication Network (CCN), which the Netherlands is no longer using (instead it is using the updated version, CCN2). Therefore, the costs were not justifiable to participate since it would have meant a step backwards IT wise. However, the country is positive about

[198] Source: Phone interview with the customs head office on the 20 November 2018.
[199] Source: Homework assignment 3.

the initiative and believes that it would be beneficial to join the project since the regulatory requirements included are relevant for the Netherlands. As soon as the project updates the system to CCN2, the country is likely to join.[200]

In order to ease the digital processes, "Digipoort" was developed. Digipoort is a digital system that functions as a post office. It receives all messages for the government, checks the message on a number of basic requirements and acknowledges, where required, the receipt of the message. The purpose is specially to ease the business-to-government collaboration. For customs it is required that all economic operators/freight forwarders that send information to customs must be connected to the system.

4.3. Current experiences

This section details the nature and scale of the current problems by analysing the processes for clearing goods through the border in the Netherlands. It first presents an overview of relevant processes, with a focus on the specific types of goods / regulatory requirements. This is followed by more detail regarding the most important problems with the current situation for different stakeholder groups, namely customs authorities, partner competent authorities and economic operators.

4.3.1. Overview of clearance processes

In this section we provide an overview of goods clearance processes in the Netherlands. We first outline customs processes (with a focus on aspects with the highest level of effort and administrative burden and facilitation measures). Then we outline the regulatory processes for non-customs requirements.

Customs processes

The number of customs declarations is increasing every year. In 2017, the Dutch customs processed more than 140 million customs declarations for import and export. Of these the about 90% were import declarations. In addition to this, around 2,3 million transit arrangements were made. This is very high number of declarations, e.g. one could compare with Ireland where around 1.4 million customs declarations were processed in 2017, or with Spain where 37.7 million customs declarations were processed in 2017[201].

The Netherlands has a system for advanced risk analysis and the pre-release of goods. This means that the goods after arrival are either quickly released, or selected for inspection and then released within 24 hours.[202] Authorised Economic Operators also have a special status and under agreed protocols, and can operate greatly simplified customs procedures. In 2017, there were 1 563 Authorised Economic Operators in the Netherlands.[203]

Non-customs regulatory requirements

When customs officers check import or export declarations for certain goods they may be required to check regulatory requirements issued by Dutch partner competent authorities. Sometimes, they may also need to liaise with the partner competent authorities for physical checks of goods, when the authority's expertise is needed.

All consignments of animals and animal products are checked when entering the Netherlands. Almost all live animals (mostly ornamental fish and horses) are transported by air and therefore checked at the Border Inspection Post of Amsterdam Schiphol airport, by the Netherlands Food and Consumer Safety Authority. Animal products are a common

[200] Source: Interviews with the customs offices on 29 November and 18 December 2018.
[201] Source: Irish and Spanish customs.
[202] Source: Homework assignment 3
[203] Source: Figures provided by the customs head office.

type of consignment coming to the port of Rotterdam and are also checked by veterinaries from the Netherlands Food and Consumer Safety Authority at the Border Inspection Post. Due to Brexit, the port of Rotterdam has estimated a need for an additional 20 veterinaries since there is such a large proportion of these types of consignments coming from the United Kingdom.[204] Customs cannot permit the release into free circulation of goods or animals not already cleared by the Border Inspection Post.

Regarding other types of consignments, checks are being conducted on a risk management basis. Regarding checks of consignments and shipments, certain checks can be carried out elsewhere and not at the airport. This could e.g. be certain checks of phytosanitary goods (especially flowers), which sometimes are conducted at the flower auction.

More specifically, the following types of regulatory requirement account for the most significant volumes in the Netherlands and are by extension the more resource intensive to manage[205]:

- **Common Health Entry Document for Plant Protection (CHED-PP) (N851)**: this document covers Council Directive 2000/29/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products, and against their spread within the Community. In 2017, the Netherlands dealt with 263 026 applications.

- **Agricultural produce import licence (AGRIM) (L001)**: this is required for the import of most agricultural goods from outside the EU[206] and issued by EU Member States at the national level. In 2017, 133 345 AGRIM licenses were issued.

- **Certificate for conformity (CoC) (N002):** this is required for fresh vegetables and fruits and issued by the Quality Control Bureau. In 2017, 192 537 certificates were issued for imports, and 537 413 for exports.

- **Common Veterinary Entry Document: Animal Products (CVEDP) (N853)**: this is a common EU certificate for the import of veterinary products – in addition to the certificate, the EU regulation[207] sets down rules for the inspection of goods at border inspection posts. The volume of CVED-P which the Netherlands dealt with in 2017 was 116 175 for imports during 2017.

For exports, the most common regulatory requirement is the Dual use export authorisation (X002). In 2017, 194 486 regulatory requirements were issued. Also the certificate for conformity (N002) is largely issued for exports, with 192 537 regulatory requirements issued in 2017. This is required for goods which can be used for both civil and military purposes (including software and technology).

Processes relating to key regulatory requirements

Since the Netherlands is not part of the EU SW-CVED project/EU CSW-CERTEX project, the importer/exporter or customs agent contacts responsible partner competent agency for regulatory requirements whenever needed. Most of the regulatory requirements are issued electronically, but certain are however still also issued in hard copy due to EU legislation.

[204] Source: Interview with Fenex on the 18 December 2018.
[205] Source: Homework assignment 1.
[206] Detailed rules for the application of import licences and the product groups for which licences may be required are laid down in EU Regulations. The product groups are; beef and veal; cereals; ethyl alcohol of agricultural origin; flax, hemp and hempseeds; garlic and preserved mushrooms; milk and milk products; olive oil and table olives; pig meat; poultry; rice; seeds; sugar.
[207] Commission Regulation (EC) No 136/2004 of 22 January 2004 laying down procedures for veterinary checks at Community border inspection posts on products imported from third countries

4.3.2. Main problems in the Netherlands

Using the problems defined in the problem tree (see section 3 of the main study report) as a starting point, the ensuing pages examine whether and how these problems exist in the Netherlands. The impact of each problem on different stakeholders is illustrated using a rating system, where red denotes severe, amber denotes significant and green denotes negligible (as explained in the box below).

Rating system:

Rating	Explanation of rating
	Major weakness / problem and significant investment / complex solution needed to address this issue which affects multiple stakeholders severely.
	Significant weakness / problem and some investment needed to address this issue which affects more than one group of stakeholders significantly.
	Problem is only negligible and/or could be easily addressed with few regulatory hurdles and does not seriously impact any one stakeholder.

Problem: Administrative burdens in the management of goods crossing boarders

Rating	Explanation of rating	Main stakeholders affected and how
	Most processes related to customs clearance are already digitised in the Netherlands. Documentation that still is issued on hard copy are mainly regulatory requirements with EU legislation as a base. This is seen as a problem, but not regarded as a major issue since the goods subject for these types of non-regulatory requirements are not very significant compared to the total (although looked at in relation to smaller Member States the number is still high). However due to Brexit, it is likely that the number of especially CVEDs will heavily increase. Therefore, there is a risk of an increased administrative burden in relation to this.	• Partner competent authorities issuing regulatory requirements demanded for in hard copy: inefficient processes • Economic operators dealing with goods demanding these types of requirements: inefficient processes

The Netherlands has already a well-developed digitised system and most processes are digital. None of the interviewees saw the verification processes related to regulatory requirements as major part of their administrative burdens since the goods requiring these are not that significant compared to the total. However, looking at the numbers in relation to smaller Member States, they are still high. For example, during 2017 over 122 600 CVEDs (both CVED-A and CVED-P) and over 260 000 were issued[208], which is a very high number compared to other EU Member States. This means that even if Dutch officials do

[208] Source: Dutch customs, through homework assignment 1.

not recognise this as one of the major issues, it would still clearly mean improvements and benefits for them in terms of less administrative burden.

Furthermore, due to Brexit and the Netherlands having much trade with the United Kingdom of especially animal products, the number of issued CVEDs is expected to heavily increase. This also means that the administrative burden for government officials and traders will increase when many more CVEDs will need to be issued.

One official working at the Human Environment and Transport Inspectorate (which e.g. issues waste certificates) stressed however that for certain regulatory requirements with EU legal base, the legislation is lagging behind since it requires that these requirements must be submitted in hard copy. This was an annoying issue for the Inspectorate as well as for economic operators dealing with waste, but not described as a severe problem. The inspectorate issues about 3000 export regulatory requirements every year and has about 12 full-time staff working with the related processes of the waste certificates. If all processes went completely digital the inspectorate would likely be able to do some cost-savings, since they would then probably not need as many employees.

Problem: Poor exploitation of electronic exchange of information

Rating	Explanation of rating	Main stakeholders affected and how
	This is described as something which could be further improved, both in order to connect the single window systems (e.g. connecting the Maritime single window system with customs procedures), and to improve risk management procedures. However, it is not recognised as a significant problem.	• Customs officials and partner competent authorities: the long-term objective is to interconnect all the different systems. • Economic operators: would welcome better exploitation of information.

Dutch customs has, as already mentioned, the ambition to interconnect different single window environments and make them interoperable. The customs found it unfortunate that e.g. the maritime single window had not been fully exploited to also include customs procedures. The Netherlands believes that there is room from improvements, but it did not see this as a severe nor prioritised issue. Furthermore, Dutch customs found it positive that all systems are not connected and that there are different and separated procedures and IT systems. The reason for this was said to be that this made the system less vulnerable, meaning that if one system is bugging, it will not completely shut down all processes. Regarding the economic operators, they did describe a situation where they often have to submit the same information several times, but did not consider this too much of a problem thanks to the current, rapid online mechanisms of submitting information. However, they would still appreciate better exploitation and reuse of information – anything that makes their forward processes quicker and easier is welcomed.

Problem: Multiplication of information and procedural redundancies

Rating	Explanation of rating	Main stakeholders affected and how
	In today's IT landscape, this is not seen as an issue since it is reportedly no longer costly nor time-consuming to submit data messages.	• Economic operators: duplication of submission of information was not said not be a problem.

As mentioned in the previous point, the Dutch trade associations / economic operators stated that the submission of information to application and regulatory requirement procedures is not seen as such a much of a problem. This used to be a problem before, when you had to pay money to submit information online and when this process was rather time-consuming. But nowadays, these processes are for free and goes very quick.

According to the trade associations (and the customs), the single window idea of a 'single' point of the submission of information is built on an out-dated idea. But again, of course, anything that makes the processes easier and quicker is appreciated. As stated before, the Dutch customs underlined however that there is a point of not interconnecting all the systems, to make it safer; certain information is not to be shared too easily, such as data about dual-use goods.

Problem: Enforcement issues and information gaps

Rating	Explanation of rating	Main stakeholders affected and how
	The problems described in relation to this is mainly related to the regulatory requirements that have an EU legal base, since these are the only ones issued in hard copy. The enforcement of these types of regulatory requirements is said to sometimes be problematic due to these documents still being needed in paper-format, and the lack of harmonisation of procedures across the European Union.	• Customs officials and competent authorities: outdated EU legislation / unharmonized data procedures hampers efficient processes • Economic operators: annoying and unpractical which paper documents

The main problem for Dutch customs related to enforcement is that it cannot completely digitise all their customs processes since certain EU legislation still requires regulatory requirements to be issued on paper. This also means that certain EU Member States only have the information on paper and other only digital, which can long processes when countries need to communicate with each other regarding certain types of documents (e.g. to check whether the regulatory requirement is valid / authentic).

Similarly, for trans-frontier shipments of waste, the lack of uniformity between systems (with some countries using digitised systems and some countries only accepting paper; and with different ways of recording volumes) means there is no EU-wide data and no way to check / verify between countries (see also box below). In both the above cases, the lack of harmonisation in EU systems and/or the lack of EU legalisation to underpin the development of such systems, means there is a barrier to EU-wide enforcement and gaps in information on the nature and scale of enforcement problems in the first place.

However, in some cases, the absence of centralised system and full data sharing between Member States can be justified – as in the case of dual-use licenses where data storage is especially sensitive due to national security / trade concerns.

4.4. Likely future developments

This section provides insight on how the problems described above are likely to evolve in the future, either through the continuation of the baseline scenario or pursuit of policy options for enhanced G2G and / or B2G collaboration. Potential impacts include direct costs and benefits for different stakeholders, as well as indirect effects related to the implementation of and compliance with given regulatory requirements. Below we provide a summary of the expected impacts under different scenarios, followed by a summary of how well the problems outlined in section 3.2 would be addressed. For each problem, we provide a rating of the expected impact (as outlined below).

Expected impact ratings:

Rating	Explanation of rating
+++	Problem would be substantially improved / eradicated
++	Problem would be improved to a significant extent
+	Problem would see some (limited) positive improvement
0	Very limited or no change

4.4.1. Continuation of the baseline scenario in the Netherlands

For the Netherlands, the continuation of the baseline scenario would mean an expansion of the G2G collaboration, as it would eventually join the EU SCW-CERTEX (from the moment the CERTEX project has updated its IT system to CCN2). The one-off costs for joining the project would be borne by Dutch customs, and are expected to not be very significant since the IT systems are already in place. The direct benefits of joining the project would expectedly be enhanced coordination between customs and the partner competent authorities, as well as better routing of consignments. Especially with regards to CHED certificates being part of the EU SCW-CERTEX, this would likely benefit the Dutch customs since the CHED permits are likely to increase heavily due to Brexit. The indirect benefits are related to risk management, since a participation in the EU SCW-CERTEX is expected to lead to enhanced cooperation between customs and partner authorities (both at a national and European level).

Continuing with the developments at a national level, the Dutch customs will take their overarching, national single window plans further on and expect to have such a system in place post 2028. In principle, all certificates that are related to goods crossing the external border of the EU into the Netherlands will be covered in the future system.

The table below sums up the expected impacts under the baseline scenario for each of the main problems and shows these would be positive overall.

Problem	Change
Administrative burdens in the management of goods crossing borders	**+**
Dutch customs highlighted the probable benefits of having the partner competent authorities even more coordinated when joining the EU CSW-CERTEX (which it plans to do when the EU CSW-CERTEX project goes on to CCN2, as earlier mentioned). One benefit mentioned by customs is e.g. improvements for the risk management processes, since it would mean easier communication between partner competent authorities. The baseline scenario does not ensure that paper-documents would no longer be required. This means that the scenario would however have small change on the administrative burden for the Netherlands.	
Multiplication of information and procedural redundancies	0
The multiplication of information and procedural redundancies remain under the baseline scenario. With no change to the legal basis for customs and/or non-customs regulatory requirements, and no single-entry point for data submission, parallel paper submission would continue, as would the duplication of information. This means costs would not differ substantially while the duplication of information submitted would continue for economic operators.	

Poor exploitation of electronic exchange of information	0
The electronic change of information is expected to improve over time as more partner competent make their IT systems interoperable with EU IT systems and databases through EU SCW-CERTEX. Moreover, this will allow Dutch customs and customs officials to more easily collaborate. However, due to the voluntary basis of the baseline scenario, there is a risk that EU Member States not participating in the EU SCW-CERTEX will continue with paper-based certificates, resulting in no better electronic exchange of information.	
Enforcement issues and information gaps	0
The impacts in relation to enforcement gaps and information gaps are very limited under the baseline scenario. The main impacts would be about more understanding of controls and more targeted searches through better risk analysis. However, the main issue related to enforcement for the Netherlands is about the EU legal basis for the certificates that demand the paper copies, i.e. the baseline scenario would have to entail juridical changes to generate benefits for the country.	

4.4.2. Options for enhanced G2G collaboration

These options involve putting in place a legal base to boost back-end, G2G cooperation on the exchange of data relating to a different category of certificates and specific technical solutions for implementation. The options are not mutually exclusive but can be combined depending on the pros and cons of including different certificate categories.

Option 1 is regarded as positive by the Dutch interviewees, and benefits in terms of smoother communications between authorities when they join the EU CSW-CERTEX project. The greater potential benefits are however dependent on developments regarding EU legislation that would allow a full digitisation process specific regulatory requirement, e.g. related to waste, animals and animal products.

With the G2G options, the Netherlands would prefer for as many EU-wide regulatory requirements as possible to be included. National regulatory requirements however are not wished for to be included or made possible to access for other EU Member States since it is believed to mean too great security issues. The Netherlands would probably not prefer a centralised solution, since they already have their own, well-functioning IT systems. In addition, having decentralised IT solutions is seen as safer than having a central solution, if there would be IT problems.

The table below sums up the expected impacts for enhanced G2G collaboration for the Netherlands for the most pertinent options discussed above.

Problem	Change
Administrative burdens in the management of goods crossing borders	+ (++)
Dutch customs highlighted the probable benefits of having the partner competent authorities even more coordinated when joining the EU CSW-CERTEX, e.g. when it comes to risk management processes requiring communication between the authorities (as already mentioned). However, the existing administrative burden is mainly related to certain regulatory requirements still needed in paper-copy. If certain certificates, such as the AGRIM or the CHED were completely digitised, it would reduce administrative burdens for Dutch officials. Dutch customs could not estimate how much cost-savings they would generate from this, but looking at the numbers of 122 600 CVEDs and over 260 000 CHED-PPs issued in 2017, in addition to around 133 000 AGRIM and AGREX licenses issued in 2017[209], it would likely be positive. Furthermore, the Human Environment and Transport Inspectorate dealing with waste stated that it would for sure reduce their administrative	

[209] Source: Dutch customs through homework assignment 1.

burden dramatically if certificates were harmonised and fully digitised in all Member States. If this happened, the Inspectorate would probably be able to gain at least the equivalent of 12 full-time working staff.	
Multiplication of information and procedural redundancies	0
As with the baseline scenario, enhanced G2G collaboration does not necessarily mean a reduction in multiplication of information or procedural redundancies. This would require a single-entry point for economic operators (as per B2G collaboration outlined overleaf).	
Poor exploitation of electronic exchange of information	+
As with customs, economic operators would stand to gain from more seamless connections between government (nationally and with third party governments). This would need to be supported by digital signatures to allow for a fully paperless system and a change in costs (i.e. removing / reducing the need to send documents by courier as well as electronically). It is unclear how significant the costs would be to organise the needed IT systems, but most partner competent authorities' systems are at least already in place. The scale of impact is difficult to estimate but would be somewhat positive. However, since for most declarations the electronic exchange of information is already fine, the enhanced G2G cooperation is not believed to change much regarding the exploitation of information.	
Enforcement issues and information gaps	++
Enhanced G2G collaboration would open opportunities for improved enforcement and lead to improvements in understanding the scale of problems, especially if the legal basis allows for completely digitising the regulatory requirements. This would then likely lead to cost-savings for both partner competent authorities and economic operators since they would have to spend less time conducting controls and spending time with submitting customs declarations. The scale of impact is difficult to estimate but would be positive, especially for goods such as waste and animals and animal products, goods that today require certificates issued in paper-document.	

4.4.3. Options for enhanced B2G collaboration

Options 5-7 are about business-to-government (B2G), front-end cooperation that focus on different ways of streamlining reporting processes for the economic operators when dealing with the regulatory requirements. The options for B2G collaboration are mutually exclusive (meaning only one can be pursued) and range from no action (covered under section 4.1); a common management portal (option 5); interoperable national Customs Single Windows (option 6) and Single EU Customs Single Window trader portal (option 7).

In general, the Dutch interviewees are positive about the B2G options and believes that they would lead to beneficial impacts, especially for the economic operators. These impacts concern having easier and smoother processes, which mean less time spent on administration, which in turn means cost-savings. Dutch customs would especially support a realisation of option 6, recognising it as the most desirable and realistic proposal for the customs and partner competent authorities. With this option, Dutch customs would like to have as many regulatory requirements as possible included, including AGRIM/AGREX and certificates for dual-use and strategic goods. This is believed to likely lead to smoother processes and therefore cost-savings for both authorities and economic operators. However, seen that the biggest priorities for the Dutch customs is Brexit and the requirements of the Union Customs Code, it is stressed that a realistic, long-term timeframe is needed.

For Dutch traders, the submission of information into different systems is not said to be the main hurdle, even if the harmonisation of data would be appreciated and likely lead to time (and cost) savings for them. A greater problem is the tracking of documents and procedures that can be troublesome. For economic operators and freight forwarders, the

biggest concern is to deliver the good to its destination in time. If this entire process is made faster and easier, it will lead to great benefits for the economic operators in terms of cost-savings and content customers. A system where documents could be tracked during the entire logistic chain is therefore demanded for, since many economic operators use customs brokers to handle their customs declaration procedures since it still requires great administrative work. If customs declaration procedures were made simpler, e.g. by some of the features proposed trough the B2G solutions, this could potentially mean cost-savings if economic operators then would not need to pay for customs brokers.

According to the interviewed Dutch trade associations, around 15-20% of their members deal with regulatory requirements needed for goods transported from or to third countries.

Problem	Change
Administrative burdens in the management of goods crossing borders	++
The improvements relating to administrative burden could be significant, especially if the regulatory requirements today needed in paper-format would be covered an made fully digital.	
Multiplication of information and procedural redundancies	++
This would be significantly improved with a single-entry point which would necessarily reduce the multiplication of information and could reduce procedural redundancies for especially the economic operates, as well lead to cost-savings due to more efficient processes.	
Poor exploitation of electronic exchange of information	+
This would be significantly improved with a single-entry point which would need to be supported by full exploitation of electronic exchange of information.	
Enforcement issues and information gaps	+(+)
The impacts from enhanced B2G collaboration vis-à-vis enforcement issues may occur if a more integrated system provides economic operators with a single reference outlining in one place all their obligations. If this system also would entail some sort of tracking of documents feature, it would be especially appreciated by Dutch economic operators.	

4.5. Conclusions

This final section draws conclusions related to the severity of the problem in the Netherlands and desirability and impacts of the different policy options.

4.5.1. Nature and scale of problems with the current situation

The Netherlands has come far when it comes to its digitisation of customs related IT processes, which likely is due to it being a very significant country for EU trade. Therefore, some of the problems we identified in the problem tree, is not very significant for the Netherlands. In addition, the number of goods requiring these types of regulatory requirements are not said to be very substantial (however, we don't have any exact numbers on this and the data from the interviews should not be seen as comprehensive).

Based on the interviews during our field visit, the single window initiative does not appear to be as needed or would contribute with as much added value for the Netherlands as it would for other Member States who have come less far with their digitisation. In addition, other priorities are much more prominent for the Dutch customs administration and economic operators at the moment, such as the Union Customs Code and future consequences due to Brexit. Although, due to a lot of trade with animals and animal product

trade with the United Kingdom, the number of CHEDs will most likely heavily increase post-Brexit, meaning that administrative burdens related to the issuing of these certificates risks to increase.

Even if the problems described are not said to be severe for the Netherlands, it does not mean that an EU single window solution would not generate any positive effects for the country. It would for sure bring certain benefits when it comes to more efficient communication between the customs office and partner competent authorities regarding checking procedures. If the legal basis of certain EU regulatory requirements would be changed to allow the complete digitisation of these requirements, it would be especially beneficial and lead to cost-savings for both state and business.

Problem	Rating
Administrative burdens in the management of goods crossing borders	
Poor exploitation of electronic exchange of information	
Multiplication of information and procedural redundancies	
Enforcement issues and information gaps	

4.5.2. Feasibility and desirability of the policy options

The most desirable and the most feasible scenario are briefly summarised below.

Scenarios
Baseline: The Netherlands is planning on joining the EU CSW-CERTEX (when the project goes on CCN2) and the baseline scenario would thereby bring certain improvements in terms of enhanced cooperation between concerned authorities.
G2G: The expected impacts of enhanced G2G collaboration would be positive, enabling better coordination for risk management processes and less administrative burden if full digitisation was ensured.
B2G: All B2G options are positively regarded and believed to lead to positive impacts. Despite the more significant expected impacts of option 6 for B2G across all problems (and therefore its desirability), the feasibility is seen as rather low in the immediate term with too high upfront investments required as well as coordination among many partner competent authorities. In summary, action on the B2G perspective is wished for, but with a realistic timeframe.

5. SPAIN

5.1. Introduction

This report is one of the eight country case studies that were carried out to provide evidence for the impact assessment of the initiative for developing an EU Single Window environment for customs. By collecting and analysing data on the current situation and expected future developments, the case studies aim to generate insight on the nature and scale of any existing problems and likely impacts of the policy options defined for the potential new initiative. These include an option for no additional EU action, which would consist of the continued existence and gradual expansion of the EU Customs Single Window: Certificates Exchange project (simply referred to as CERTEX project throughout) without a legal framework and therefore based on Member States' voluntary participation.

Each case study used a common methodology based on a documentary review, feedback from national administrations provided through participation in the project group and interviews (mainly face-to-face) with officials from customs and partner competent authorities, and economic operators. The sample of eight Member States was selected in discussion with DG TAXUD with a view to covering complementary areas of interest and achieving a degree of representativeness.

Within this broader framework, the research on individual case studies varied according to national specificities such as geography, trading profile, administrative set-up and participation in the EU Single Window – Common Veterinary Entry Document (EU SW-CVED) pilot project (the predecessor to the CERTEX project).

For Spain, the case study focused on:

- Experiences with an advanced national Single Window environment that is comparable with the CERTEX project
- Likely future developments
- Problems specific to Spain

It concludes on the successes of the initiative in Spain and the desirability and impacts of the different policy options.

The evidence for the case study is comprised of desk research and interviews with 16 customs authorities (policy managers, electronic customs coordinators and IT specialists), partner competent authorities (responsible for health, economy, medicinal products, agriculture, fisheries and food) and economic operators (customs brokers and freight forwarders) carried out during a field visit that took place during the week of 12 November 2018.

5.2. Background

This section presents an overview of Spain's profile for international trade, administrative and IT set-up for customs and other relevant regulatory requirements. It helps understand the current national situation and how it would likely evolve for the policy options under review. It also briefly presents progress towards a national Single Window in Spain.

5.2.1. Trading profile

Spain accounts for about 6.6% of EU imports and 5% of EU exports.[210] This is slightly lower than Spain's share of the EU's population (which is 9.1%).[211] Outside the EU, 4% of Spain

[210] Eurostat data on external trade (average for 2011-2017): https://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database
[211] 2018

exports go to the United States and 3% to Morocco. In terms of imports from outside the EU, 7% come from China and 4% from the US.[212] The main types of entry are sea[213] and air[214].

Spain is the biggest importer of seafood products in the EU, and the fourth importer globally. Its system of Illegal, Unreported and Unregulated (IUU) import controls is one of the most comprehensive in the EU. Spain has indeed prioritised implementation of the Catch Certificate scheme. More generally, Spain has developed rigorous import controls, including to detect products originating IUU fishing.[215]

To get an idea of Spain's success in clearing goods efficiently, we looked at the World Bank's Logistics Performance Index[216]. Spain ranks highly (18th globally, and 11th among EU Member States) in terms of trade facilitation and ease of doing business overall[217]. In terms of customs specifically[218], Spain ranks slightly lower globally (21st), but the same place among EU Member States (11th). Of the six components that are used to calculate the ranking, customs were the lowest scoring in Spain. This suggests that, in Spain, the efficiency of the clearance process is the weakest link and further improvements here would increase the overall Logistics Performance.

5.2.2. Administrative set-up

In Spain, customs are the responsibility of the *Agencia Estatal de Administración Tributaria*, commonly known as *Agencia Tributaria*, or Tax Agency, since its formation on 1st January 1992. The mission of this public law entity, which is attached to the *Ministerio de Hacienda,* "Ministry of the Treasury", is the effective implementation of the tax and customs systems in Spain, and related matters[219]. The Tax Agency has its own legal status, which is different from that of the General Administration of the State and includes a certain autonomy in budgetary and personnel[220] management issues.

The Tax Agency has 17 special delegations in regional offices, one for each autonomous community, and representatives in provinces as well. Customs and Excise is one of the Tax Agency's four operational departments, which all have a representative in each of the 17 regional offices. In addition, the Tax Agency has its own internal IT department, distinguishing it from other public law entities, most of which outsource these services.

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https://ec.europa.eu/eurostat/documents/2995521/9063738/3-10072018-BP-EN.pdf/ccdfc838-d909-4fd8-b3f9-db0d65ea457f

[212] https://europa.eu/european-union/about-eu/countries/member-countries/spain_en

[213] Continuous increase since 2013 (397,462 thousands of tonnes, to 485,805 thousand tonnes in 2017). See https://ec.europa.eu/eurostat/web/products-datasets/-/mar_go_aa

[214] Continuous increase since 2013 (160,884 tonnes, to 201,607 tonnes in 2017). See https://ec.europa.eu/eurostat/web/products-datasets/product?code=avia_goocc

[215] The Environmental Justice Foundation (EJF), Oceana, The Pew Charitable Trusts and WWF, ISSUE BRIEF: Improving performance in the fight against illegal, unreported and unregulated (IUU) fishing, Spain – Leading implementation of the EU's Regulation to combat illegal fishing, June 2017

[216] The LPI relies on an online survey of logistics professionals from the companies responsible for moving goods around the world: multinational freight forwarders and the main express carriers. Freight forwarders and express carriers are best positioned to assess how countries perform.

[217] Based on mean across logistics performance index 2012-2018. See https://lpi.worldbank.org/international/aggregated-ranking

[218] defined as "Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs"

[219] Such as resources belonging to other State Public Administrations and the EU, which are entrusted to the Tax Agency for management, by law or agreement.

[220] In 2016, the Tax Agency had a staff of 25,014 people. See: https://www.agenciatributaria.es/AEAT.internet/en_gb/Inicio/La_Agencia_Tributaria/Memorias_y_estadisticas_tributarias/Memorias/Memorias_de_la_Agencia_Tributaria/_Ayuda_Memoria_2016/2__INFORMACION_INSTITUCIONAL/2_2__Plantilla_y_presupuesto/2_2__Plantilla_y_presupuesto.html

The Spanish Customs and Excise Department

The *Departamento de Aduanas e Impuestos Especiales*, "Customs and Excise Department", is structured in eight Deputy Directorates General[221], two[222] of which work under the Deputy Directorate General for Customs Surveillance, employing half the Department's personnel.

The Customs and Excise Department's remit[223] includes management and inspection of taxes on foreign trade; control of the traffic of goods under the different customs and fiscal regimes; management and inspection of excise duties[224]; fight against customs fraud, but also smuggling, drugs precursors diversion and money laundering; foreign trade statistics; development of draft customs and excise duties regulations and programmes[225]; definition, management of risk analysis systems in the field of external trade, safety and security and excise duties; management of the Authorised Economic Operator (AEO) status, etc.

The strategy of the Customs and Excise administration has evolved over the years, but its **mission** has always been to **collect** and to **protect**[226]. In addition, the Union Customs Code (UCC)[227] brought in a new role for Member States' customs authorities, with an emphasis on security, since customs are the ones at the border. As a result, during 2017-2018, the Customs and Excise Department carried out more actions related to the security of the international supply chain, at the entry and exit of goods. To control the borders, the Customs and Excise Department receives the help of the Civil Guard, with 4 000 dedicated staff under the supervision of customs.

In addition, Customs work with several competent authorities, such as the Ministries of Economy and Business, of Health, Consumption and Social Welfare, or of Agriculture, Fisheries and Food, to enforce trade-related legislation. For example, supporting documents required by the EU for imports or exports of agricultural products are delivered to importers of food from third countries by the Ministry of Industry, Trade and Tourism.

5.2.3. Approach to electronic customs and IT architecture

Since the 1990s, the Tax Agency has had a strong focus on the provision of technical solutions that could improve services to taxpayers. Its first e-Administration project (COMPAS[228]) in 1992 predates the widespread use of the Internet. Since then, the objective has always been to facilitate the import and export of goods. To do so, the Tax Agency was provided with the required technological systems but also with internal developers and designers. Customs authorities' IT department is in a leading position, as an integrated part of the management processes. Highly qualified civil servants lead projects focusing on decreasing the cost of citizens' fiscal obligations, such as the development of the Single Window, with external technical support. A general helpdesk, with a specialised group for

[221] Planning Statistics and Coordination; Customs Management; Management & Supervision of Excise Duties; Auditing and Investigation; Chemical-Technological; International Relations;
[222] Operations; Logistics.
[223] established by Regulation of 10 December 2007: Orden PRE/3581/2007, de 10 de diciembre, por la que se establecen los departamentos de la Agencia Estatal de Administración Tributaria y se les atribuyen funciones y competencias.
[224] In 2016, excise represented 11% of the total tax collection.
[225] The Customs and Excise Department can make proposals because they are the ones applying the regulations, but they have no competencies for the elaboration and approval of tributary norms.
[226] First, local economic operators; then the national industry, during the 19th century, and national consumers, during the 20th century; and today, citizens in general.
[227] Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code
[228] Comunicación de Manifiestos a Puertos y Aduanas, "Communication of Manifests to Ports and Customs" – about Port authorities sending information on the arrival of the goods to customs offices, and the exchange of export data in EDIFACT format, in June 1994, with the port of Barcelona using a Value-Added Network (VAN).

IT issues and another one for business issues[229], was created to make it easy for economic operators to interact with the Tax Agency' systems. The Tax Agency therefore became a key player in terms of IT development.

Today, within the Tax Agency, almost everything[230] is electronic, and no declaration remains in paper format.

Table C.5.1: e-documents Processed in 2017 by Spanish Customs

Foreign trade	Total	Electronic	%
Import SAD	5 812 022	5 807 549	99.92%
Export SAD	7 649 155	7 648 886	100.00%
Warehousing SAD	416 030	415 998	99.99%
Transit SAD	656 487	656 354	99.98%
Intrastat	684 994	684 303	99.90%
ENS/EXS	4 602 071	4 602 071	100.00%
Temporary Storage[231] / Loading Manifests	994 744	991 309	99.65%
Total	***20 815 503***	***20 806 470***	***99.96%***

Source: Presentation on Spanish IT structure, 12/11/2018

The Tax Agency uses a single centralised and integrated information system for all procedures and all Customs Offices in the country. It is a set of computer systems for management, collection, inspection, and accounting, built on a single linear database shared between the different departments, which feed it with relevant information[232]. This database is optimised for consultation and useful to fight against fraud and crime. The information system is web-based, with an Intranet Technology. Customs and excise are completely integrated within the Tax Information System. For Customs, there are two main subsystems:

- The Operational Database for management purposes (BUDA);
- The Business Intelligence Database for analysis (Zújar, a data warehouse with a machine-to-machine possibility, connected to businesses directly).

Economic operators access the system through the internet and can:

- Consult information (import duties, TARIC, import guarantees, sent excises declarations status, situation of chemical analysis of goods, etc.);
- e-sign e-forms (on-line declaration, validation and response, Customs Decisions);
- Interchange Electronic Data (EDI) for Customs and Excises declarations (Import, Export, NCTS, ENS, EXS Excises AccDoc, etc.);
- Get on-line validation and responses.

Economic operators can also access the Operational Database. All of this is done with an advanced level of security through encrypted transmission (SSL Protocol).

Customs' systems are connected to other governmental bodies through an intergovernmental network called SARA, and to other Member States through the Common Communication Network (CCN).

[229] About six people reply to requests regarding customs applications.
[230] The procedure says if it is *possible* to do it by paper for citizens lacking the IT skills, who can also go to public offices and ask for help.
[231] The summary declaration for temporary storage is based on a system-to-system exchange but can also be uploaded on the portal and on the web office.
[232] Such as: Profits and deductions for personal work, financial investments, renting properties, buy and sell declarations, investigations of Customs Surveillance, import and export, currency entry and exit, property register, declarations.

5.2.4. Single Window state of play and key initiatives

Spain has an electronic Single Window environment for customs, which was set up as part of the Reform of the Public Administration. It aims at centralising information required from economic operators by different authorities linked to international trade, to avoid duplication and reduce the administrative burden.

The Working Group began on 16th October 2013, and the pilot project started on 1st January 2016 in the ports of Vigo, Marín, Barcelona, Algeciras, Santa Cruz de Tenerife, and Bilbao for imports in containers. It was then extended to all ports and airports on 1st September 2017, for imports only. As of 30th November 2017, the plan is to expand it to all goods, including bulk cargo.

The next step for Spain is to develop a Single Entry Point (SEP). Even though discussions have started with competent authorities that are already part of the Single Window environment, there is no agreed timeline for the implementation of the SEP.

The advanced state of play of the Spanish Single Window environment explains why Spain chose not to participate in the EU SW-CVED pilot project, which aims to enhance Government-to-Government (G2G) collaboration regarding CVEDs by linking national customs' IT systems to an EU database called "TRACES" through middleware provided by DG TAXUD. This system does not allow to check supporting documents, nor to access the information they contain.

Characteristics of the Spanish Single Window:

- Single access point **for all the documents** from all parties involved
- Compatible with simplified customs declaration procedure
- Compatible with centralised national system
- Open process
- Imports only

5.3. Current experiences

This section details the nature and scale of the current problems by analysing the processes for clearing goods through the border in Spain. It first presents an overview of relevant processes, with a focus on the specific types of goods and regulatory requirements, and an outline of how the Spanish Single Window environment works in practice. This is followed by more detail regarding the most important problems with the current situation for customs, partner competent authorities, and economic operators.

5.3.1. Overview of clearance processes

In this section we provide an overview of customs clearance processes in Spain. We first outline customs processes, with a focus on the Spanish Single Window environment. The last part of this section details the processes relating to the next steps for Spain.

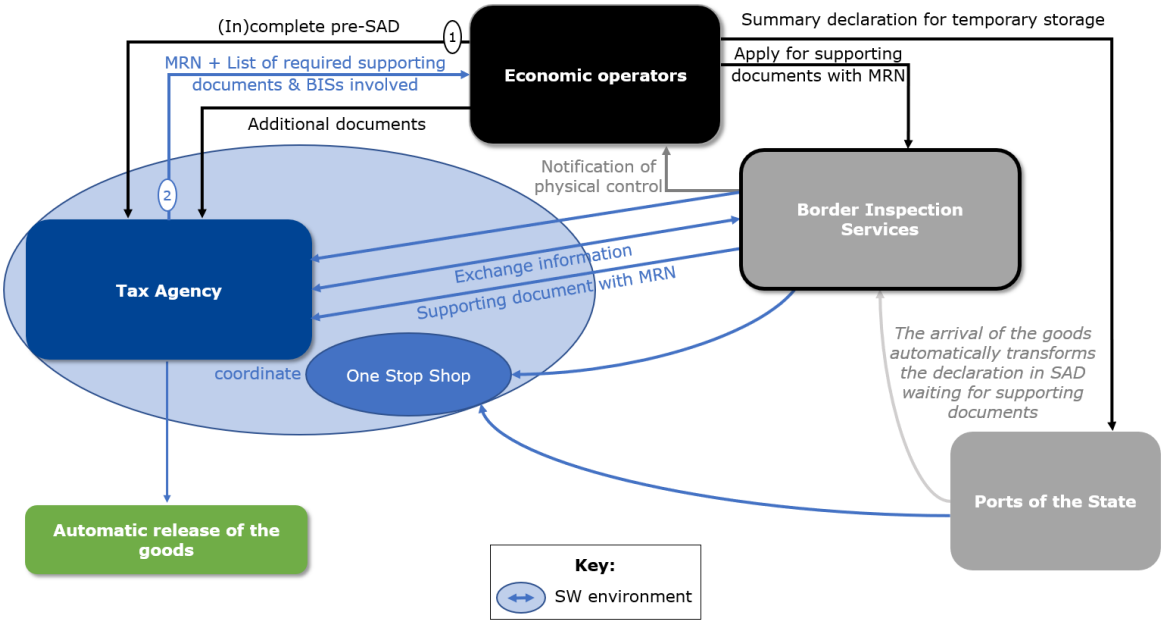
Customs processes

In 2017, the Tax Agency processed around 37.7 million customs declarations (10 million more than in 2015), of which 79% were exports and 19% imports, in addition to 930,206 transit arrangements.[233] Some of these goods are subject to regulatory requirements in fields other than customs. To enforce these requirements, Spanish customs work with partner competent authorities (Border Inspection Services), in charge of 32 distinct types of supporting documents.

[233] Figures provided by Spanish customs

he Spanish Single Window covers imports only. It involves the Tax Agency, Border Inspection Services (BIS) and economic operators, but also Ports of the State. It is a tool that makes cooperation and interaction between these stakeholders possible. The process for import of goods through the Spanish Single Window environment is illustrated in the figure below. The example shows all the possibilities of the Spanish Single Window environment, but other scenarios are possible, as it is designed as an open and flexible process to accommodate different situations.

Figure C.5.1: The Spanish Single Window environment (for imports by sea)



Source: adapted from Departamento de Aduanas e Impuestos Especiales, *Ventanilla Única Aduanera*

Economic operators can start inputting information up to 30 days before the arrival of the goods[234], filling in an incomplete pre-declaration[235]. This allows them to get information on which supporting documents they need, on whether these are part of the Single Window environment and which BIS(s) to apply to. Once the Tax Agency receives this Pre-Declaration, it is issued with a Movement Reference Number (MRN). Economic Operators can use this number to apply for supporting documents to the relevant BIS(s), who will send the necessary data directly to the Tax Agency. The link with the import declaration is automatic and does not require any further action from the economic operator. The Complete Pre-Declaration automatically becomes the Single Administrative Document (SAD) when the goods arrive, which leads to their automatic release. Once the economic operators have sent a declaration, whether complete or incomplete, they can consult and send information through the SW at any time.

If physical control is required, BIS(s) must request it through the Single Window but also send the answer to the economic operator directly. Information for/from the physical control is at stakeholders' disposal through the Single Window. For maritime transport, there is a specific functionality to allow for the only once positioning of containers at seaports (referred to as the "one-stop-shop" mechanism). Once activated the summary declaration for temporary storage and once received the answer from all the relevant BIS(s) and from customs authorities, the operator must present a "request for preliminary actions" for the "positioning with SAD" of the container. Then the Tax Agency, after checking that there is no other necessary recognition, authorises the positioning and informs the operator, the BIS(s) and the Port of the State.[236] The economic operator must

[234] After 30 days, the declaration is classified as "no arrival of the goods".
[235] If the declaration is incomplete, the economic operator must send the complete version later, after which the Tax Agency might send back the list of required supporting documents still missing.
[236] For air transport, this kind of only once positioning of the goods is not required.

apply to customs authorities, who decide to put container at disposal of the BIS(s). Port Authorities access information from the Single Window through the Ports of the State with whom the Tax Agency has an agreement for exchange of information. Ports of the state must inform the Tax Agency once all the controls are done. BIS(s) communicate any decision directly to the Tax Agency through the Single Window, which includes two kinds of risk analysis systems:

- A complex On-line Risk Analysis System for Customs Clearance, with an anti-fraud control both in data capture and after clearance of goods.
- The system instantaneously replies to each declaration, based on an automated risk analysis, in one synchronous transaction[237]. Whatever is needed is performed within two seconds. It is therefore important to have all the information in the system. As an example, for the Entry Summary Declaration (ENS), the automated risk analysis is performed within the same transaction and a first result can be provided to the economic operator (red, orange, yellow or green channel).

Functionalities of the Spanish Single Window:
- Web services
- G2G exchange of information
- Pre-SAD and MRN included in the supporting document for automatic clearance
- Common repository of documents (which all stakeholders can access)
- Only once positioning of containers at seaports (One Stop Shop)
- Automated reception of the supporting documents

As of 30th November 2017, the following functionalities were missing from the Spanish SW:

- Single Entry Point – being developed with BIS(s)
- Advance notice of controls[238]
- Expansion to exports

A "News" section on the website explains everything that could change for economic operators, including new requirements.

Non-customs regulatory requirements

The following types of regulatory requirement account for the most significant volumes in Spain, and are part of the national Single Window:

- **Common Health Entry Document for Plant Protection (CHED-PP) (N851)**: this document covers Council Directive 2000/29/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products, and against their spread within the Community. Spain deals with approximately more than 300 000 of these documents per year for imports.
- **Certificate of quality (N003) –** Also more than 300 000 per year.
- **Common Veterinary Entry Document: Animal Products (CVEDP) (N853)**: this is a common EU supporting document for the import of veterinary products –

[237] There are also mechanisms to provide asynchronous communication with economic operators, but it is not the preferred way.
[238] Art. 24.3 DA: "Cuando un AEO presente una declaración de depósito temporal o una declaración en aduana de conformidad con el artículo 171 del Código, la aduana competente para recibir dicha declaración de depósito temporal o dicha declaración en aduana notificará al AEO, en caso de que el envío haya sido seleccionado para un control aduanero, al respecto. Dicha notificación se efectuará antes de la presentación de las mercancías ante la aduana." – "When an AEO submits a declaration of temporary storage or a customs declaration in accordance with Article 171 of the Code, the customs office competent to receive such declaration of temporary storage or such customs declaration to customs shall notify the AEO, in case the shipment has been selected for a customs control, in this regard. Such notification shall be made before the presentation of the goods to customs. "

the EU regulation[239] also sets down rules for the inspection of goods at border inspection posts. Spain deals with approximately 200 000 CVED-P per year.

With the *Servicio Oficial de Inspección, Vigilancia y Regulación de las Exportaciones* (SOIVRE), the Inspection Service of the Ministry of Economy and Business, for example, the input tray runs every 3 minutes. A delivery execution, in peak hours, can contain 224 charges/imputations, 133 responses sent by the Tax Agency, 128 discharges/authorisations sent to the Tax Agency and 101 validations sent to the Tax Agency, which make 586 messages in one submission.

Cost/benefits of the Spanish Single Window environment

The cost of the Spanish Single Window for partner authorities is the development of the complex computer system. Once implemented, this system facilitates their work and is the perfect tool to manage controls. Its functionalities also entail savings for companies.

It is not easy to calculate the economic costs involved in adapting partner authorities' systems to the Single Window. It is the result of several years of work, and continuous problem solving. The main challenge for competent authorities, as is the case of the Secretary of State for Trade for example, is finding the budget to start working on new developments.

In the IT department, two part-time employees are responsible for managing the system and improvements, and three part-time employees work in the communications and systems departments. Internally, approximately 393 people use the Secretary of State for Trade's system daily, and the external users are approximately 3,200.

For partner competent authorities, the system presents different advantages. They can:

- carry out the monitoring plan and control frequency;
- manage alerts and controls;
- designate official control;
- gather data and report on rejections, and authorisations of national destination.

The Spanish Single Window groups the procedures that must be followed for customs and other regulatory requirements:

- to shorten processing times,
- to unify the forms,
- to reduce the use of paper,
- to accelerate customs clearance, coordinating physical controls so that they are carried out in a single moment by all the BIS(s) involved.

The Spanish Single Window enhanced cooperation in both government-to-government, at national and with the European level, and business-to-government cooperation at national level. It provides economic operators with a harmonised access point to fulfil all regulatory requirements. The Tax Agency acts as a hub for receiving relevant information from economic operators on behalf of partner competent authorities. Before, it was the economic operator who had to coordinate the different physical controls.

[239] Commission Regulation (EC) No 136/2004 of 22 January 2004 laying down procedures for veterinary checks at Community border inspection posts on products imported from third countries

Benefits of the Spanish Single Window for economic operators:

- Voluntary process
- Possibility to issue pre-declarations without the supporting documents
- Possibility not to include the supporting document(s) in box 44 of the SAD
- Possibility to start the process at any time with any step

5.3.2. Main problems in Spain

Several aspects of the abovementioned processes can be problematic for customs, partner competent authorities and economic operators. Using the problems defined in the problem tree (see section 3 of the main study report) as a starting point, the ensuing pages examine these in detail. The impact of each problem on different stakeholders is illustrated using a rating system, where red denotes severe, amber denotes significant and green denotes negligible (as explained in the box below).

Rating	Explanation of rating
	Major weakness/problem and significant investment / complex solution needed to address this issue which affects multiple stakeholders severely.
	Significant weakness/problem and some investment needed to address this issue which affects more than one group of stakeholders significantly.
	Problem is only negligible and/or could be easily addressed with few regulatory hurdles and does not seriously impact any one stakeholder.

Problem: Administrative burdens in the management of goods crossing borders

Rating	Explanation of rating	Main stakeholders affected and how
	This problem is only negligible in Spain as the national Single Window environment significantly reduced administrative burdens in the management of goods crossing borders, especially for economic operators, although it is still expanding	• Customs authorities: significantly reduced administrative burden • Partner competent authorities: limited to physical controls and production of supporting documents • Economic operators: still apply for supporting documents with each relevant competent authority and to different authorities in each Member State but the process thereafter is more streamlined in the Single Window due to G2G

Administrative burdens in the management of goods crossing borders were not considered to be a significant problem in Spain. These were indeed significantly reduced with the implementation of the national Single Window environment, which has brought benefits in terms of efficiency of the customs clearance process through greater G2G cooperation.

The most important administrative burden that remains is for economic operators, who must apply to different national authorities and in each Member State, in addition to making the customs declaration. This was not considered as a major issue by economic operators consulted because they are aware of Spanish customs' work towards an SEP. According to them, this would constitute an ideal situation, which means the current one is not.

Problem: Multiplication of information and procedural redundancies

Rating	Explanation of rating	Main stakeholders affected and how
	Procedural redundancies exist in Spain when digitised supporting documents must be printed out for archiving or for legislative reasons	• Customs authorities: limited impact • Competent authorities: inefficient use of resources and not realising full benefits of an electronic environment • Economic operators: must apply for supporting documents to the competent authorities, in addition to enter information in customs' system

Multiplication of information and procedural redundancies were not presented as a major problem in Spain but do remain, despite significant improvements. For example, before the Single Window environment was introduced, customs authorities used to control the same goods in several occasions, which is not the case anymore.

One problem that emerged during the interview with the central sanitary authority (Ministry of Health, Consumption and Social Welfare), whose competence covers the sanitary control of goods for human consumption (products of animal and non-animal origin from third countries) regarding the way the information is stored and shared. Even though it is done through TRACES, a paper version of the documents is also stored in every BIP for at least 3 years.[240] So even when systems are fully digitised, a paper copy is still required for archiving based on an out of date regulation. Indeed, there are laws that still require paper documents, meaning it would be necessary to review the entire body of legislation to adapt it to the Single Window environment.

The main procedural redundancy is for economic operator, who must make the customs declaration in customs' system, and then apply for the required supporting documents to the different competent authorities. Both customs and national authorities are aware of this redundancy, which is why they are working on the SEP, which would make the customs clearance process even simpler for economic operators.

Problem: Poor exploitation of electronic exchange of information

Rating	Explanation of rating	Main stakeholders affected and how
	Several actors with different priorities, and budgets, Lack of communication/ interoperability between systems	• Customs authorities: limitation of the extent to which they can expand the Spanish Single Window environment • Competent authorities: lack of budget to develop the systems required to join the Spanish Single Window • Economic operator: must apply for supporting documents to each relevant competent authority and to different authorities in each Member State

Poor exploitation of electronic exchange of information remains an issue in Spain, despite 99.6% of Customs and Excise documents processed during 2017 being digital.[241] A few competent authorities have not managed to fully digitise their systems and lack the budget to do so. Competent authorities' budget is therefore a barrier to the expansion of the Spanish Single Window environment. Competent authorities indeed need to adapt their

[240] This was not confirmed by other authorities and therefore seemed to be a specificity of the Sanitary authority.
[241] Source: Presentation on Spanish IT structure, 12/11/2018

system to customs', which is costly. Optimal exploitation of electronic exchange of information at national level is therefore a matter of competent authorities' priorities.

Competent authorities from the Ministry of Health, Consumption and Social Welfare indicated poor exploitation of electronic exchange of information to be a problem at EU level. Because of their experience of the Single Window project, national authorities can feel the difference at EU level. It makes the fact that improvements are necessary with other MSs and the EU even more obvious. There is no real time communication between all authorities involved at EU level. This means that to exchange information at EU level requires an action from authorities involved, to make a request for example.

Problem: Enforcement issues and information gaps

Rating	Explanation of rating	Main stakeholders affected and how
	This problem requires EU-wide legislative action, including harmonisation of systems to have comparable information across borders.	• Customs authorities: believe this is an essential weakness of the current environment for EU customs • Competent authorities: issues related to enforcement of respective regulations • Economic operator: indirect impact on society more broadly

Poor exploitation of electronic information results in difficulties for enforcement of quotas and information gaps within, but also between, EU Member States. The lack of harmonisation in EU systems and/or of EU legalisation to underpin the development of such systems, means there is a barrier to EU-wide enforcement and gaps in information on the nature and scale of enforcement problems in the first place.

According to representatives of competent authorities, the problem is that the European Commission does not offer an integrated system for the implementation of controls based on Community law. Some countries created their own systems, which is costly, based on their own interpretation of the law. There are countries where controls are strict and precise, and others where not. Economic operators therefore change countries through which they import goods depending on how controls are carried out. Their goods then disappear from controls in Spain even though it is their destination. For example, SOIVRE's representative reported that imports of small electronic material recently decreased in Spain, because they are imported through the Netherlands, where controls are not as detailed. A 2018 report from the European Parliament confirms that:

> *"There is currently an imbalance in the performance of customs control by Member States. This imbalance is due both to geographic differences between Member States and in their respective capacities and resources, as well as to a lack of standardised customs controls. […] The provision of equivalent customs control equipment is therefore an important element in addressing the existing imbalance. It will improve equivalence in the performance of customs controls throughout Member States and thereby avoid the diversion of the flows of goods towards the weakest points. All the goods entering the customs territory of the Union should be subject to thorough controls in order to avoid "port-shopping" by custom fraudsters."*[242]

[242] Committee on the Internal Market and Consumer Protection, *Report on the proposal for a regulation of the European Parliament and of the Council establishing, as part of the Integrated Border Management Fund, the instrument for financial support for customs control equipment* (COM(2018)0474 – C8-0273/2018 – 2018/0258(COD)), 12 December 2018 http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2018-0460+0+DOC+XML+V0//EN

Additional problem (specific to Spain): Resistance to digitisation

Rating	Explanation of rating	Main stakeholders affected and how
	This problem is specific to a few places in Spain, where officials are reluctant to using digitised documents	• Customs authorities: limitation of their efforts • Competent authorities: inefficient process and administrative effort • Economic operator: delays, cost of storing goods, administrative burden, etc.

According to one of the economic operators consulted, the problem is that customs processes depend on the point of entry, and more specifically on the personnel in charge. For the border sanitary control for example, in Vitoria they are working with PDFs and electronic signatures. It works well because the person responsible is cooperative. But in Madrid, the person wants economic operators to go to the office, queue, etc. In Barcelona, it is the same, and the person is in the city centre. It is the only process that is not part of the Spanish Single Window. The idea that it depends on the team in charge was echoed by other economic operators consulted.

5.4. Likely future developments

This section provides insight on how the problems described above are likely to evolve, either through the continuation of the baseline scenario or pursuit of policy options for enhanced government-to-government (G2G) and/or business-to-government (B2G) collaboration. Potential impacts include direct costs and benefits for different stakeholders, as well as indirect effects related to the implementation of and compliance with given regulatory requirements. Below we provide a summary of the expected impacts under different scenarios, followed by a summary of how well the problems outlined in section 5.3.2 would be addressed. For each problem, we provide a rating of the expected impact (as outlined below).

Rating	Explanation of rating
+++	Problem would be substantially improved / eradicated
++	Problem would be improved to a significant extent
+	Problem would see some (limited) positive improvement
0	Very limited or no change

5.4.1. Continuation of the baseline scenario in Spain

For Spain, the continuation of the baseline scenario implies a gradual expansion of G2G collaboration at national level as the scope of the Spanish Single Window will continue to increase. All competent authorities are expected to progressively join the Spanish Single Window. In addition, there are formal discussions with partner competent authorities on the move to a SEP.

The one-off costs of gradually expanding the scope of the Spanish Single Window would be borne by competent authorities (and would vary). Competent authorities that already joined considered the direct benefits to be worth it, for instance more efficient and effective routing of consignments, and a smoother and more efficient operation through automatic updates in the system.

In addition, concrete plans exist for a national Single Window which would go further than G2G cooperation. Spain is indeed aiming towards an SEP for economic operators to facilitate the submission of customs and non-customs information required for the import/export of goods. Customs authorities are working with Phytosanitary, Waste, Pharmacy, SOIVRE (both Commercial Safety and Commercial Quality, and electrical and electronic equipment) authorities to analyse the data required to be added to the customs

declaration and on the flow of messages. This would cover all the supporting documents from the partner authorities involved. At the time of writing, this would not cover AGRIM, AGREX, CITES, dual use and cultural goods, invasive exotic species, ecological products.

For this national Single Window to constitute an SEP for economic operators importing/exporting products through Spain, EU databases would need to receive the applications for some EU supporting documents directly from national customs authorities instead of economic operators. Currently, economic operators apply for these supporting documents directly to the EU level. In this national Single Window scenario, customs would send these applications from the customs declaration, which would include the additional data required for each type of supporting document.

Spanish customs are also working on the advance notice of controls to AEO and on expanding the Single Window to exports.

For these changes to be implemented smoothly, information is key. Customs authorities created a Single Window portal on the web page of the Tax Agency, including a description of the project, with access to technical documentation, presentations, etc.[243]

The main costs related to these developments are technical ones, but because Customs authorities have an internal IT department, it is not possible to make an estimation. Partner authorities have external IT experts, so each authority will make an estimation of the costs and include it in its budget. The situation is different depending on each authority's budget allocation, projects and priorities.

What Spanish competent authorities want is to be able to see is which supporting documents have been used. The next step is to feed the national database with data from European ones and see when an SAD is being modified. It will allow the national system to generate various levels of risks. This is foreseen within the next year, but it depends on the budget allocated to the project, which is being decided at the level of the Secretary of State.

The table below sums up the expected impacts under the baseline scenario for each of the main problems and shows these would be positive overall but would not sufficiently address the problems.

Problem	Change
Administrative burdens in the management of goods crossing borders	+
As more competent authorities join the Spanish Single Window, administrative burdens (which are already considered to be reasonably low) decrease further.	
Multiplication of information and procedural redundancies	++
When the SEP becomes a reality, procedural redundancies for economic operators will disappear.	
Poor exploitation of electronic exchange of information	+
Over time, the electronic exchange of information is expected to improve as more partner competent authorities digitise their system and adapt it to join the Spanish Single Window. However, the benefits would be limited by the lack of any guarantee that the same investments would be made in other Member States.	
Enforcement issues and information gaps	0

[243] http://www.eugo.es/

The impacts in relation to enforcement gaps and information gaps are limited under the baseline scenario. The voluntary nature of the CERTEX project means it lacks an EU level quantity management function that limits the scope for gains in enforcement.

5.4.2. Options for enhanced G2G collaboration

These options involve putting in place a legal base to boost back-end, G2G cooperation on the exchange of data relating to a different category of supporting documents and specific technical solutions for implementation. The options are not mutually exclusive but can be combined depending on the pros and cons of including distinct categories of supporting documents.

In the short term, the priority for Spain is the expansion of the national Single Window to as many supporting documents as possible. The direct costs and benefits of doing so would be the same as for the continuation of the baseline scenario.

In the medium to longer term, the main category of supporting documents that customs authorities would be interested in further collaboration are AGRIM, AGREX, CITES, dual use and cultural goods, invasive exotic species, ecological products, given that coverage of these is not foreseen under the baseline scenario. The direct costs would depend on the technical solution agreed on. The option favoured by Spain would be for a central database developed at EU level. As such, the direct costs for Spain would be low. The expected benefits would be an improvement in the electronic exchange of information. Indirect benefits would be better oversight.

The representative of the Sanitary authority indicated that communication between all the authorities involved, in Spain, but also with authorities of other MS and with the EU level must be fluid. This require improving G2G collaboration.

CERTEX constitutes a solid basis for enhanced G2G collaboration at EU level. At the time of writing, SOIVRE is connected to CERTEX, and it is working. In the future, SOIVRE would like CERTEX to connect to all the different databases. Both SOIVRE and national customs authorities would like to get the information from CERTEX without having to request it. Supporting documents would be downloaded automatically into the national system, without the competent authority requesting it. It is possible to attribute the supporting documents before the arrival of the goods. For now, national authorities must enter the information in TRACES to get this information. This is duplication given that economic operators have already entered the information. It would therefore be possible to do quantity management at national level, as a first step, and at EU level if CERTEX were to become mandatory. In terms of customs, it does not change anything whether the information come from TRACES or from SOIVRE. They would use digital signature for TRACES.

The table below sums up the expected impacts for enhanced G2G collaboration for Spain for the most pertinent options discussed above.

Problem	Change
Administrative burdens in the management of goods crossing borders	+
The administrative burdens will decrease as more competent authorities join the Spanish Single Window.	
Multiplication of information and procedural redundancies	+
As with the baseline scenario, enhanced G2G collaboration does not necessarily mean a reduction in multiplication of information or procedural redundancies for economic operators. Nonetheless, it could avoid duplication linked to the retrieval of information from the EU level by national authorities.	

Poor exploitation of electronic exchange of information	+
As with customs, economic operators would gain from more seamless connections between governments (nationally and with third party governments). This would need to be supported by digital signatures to allow for a fully paperless system.	
Enforcement issues and information gaps	++
Enhanced G2G collaboration would open opportunities for improved enforcement and lead to improvements in understanding of the scale of problems, especially if the legal basis allows for quantity management. The impact is hard to estimate but would be positive.	

5.4.3. Options for enhanced B2G collaboration

Options 5-7 are about business-to-government (B2G), front-end cooperation that focuses on diverse ways of streamlining reporting processes for economic operators when dealing with the regulatory requirements. The options for B2G collaboration are mutually exclusive and range from no action (covered under section 4.1); through a common management portal (option 5); interoperable national Customs Single Windows (option 6), to a Single EU Customs Single Window trader portal (option 7).

For Spanish customs and partner authorities, it is essential that the European Commission considers that Member States have their own systems. For them, the only way forward is to facilitate the union of these systems. It should be possible to exchange information between the European level and the national systems. For Spanish partner authorities, this could be done either directly or via the Customs authorities of each country. For them, this exchange of information should be:

- online;
- for web services;
- done using XM files (or compatible with); and
- respect the complex systems already implemented in the different countries.

The possibilities for enhanced B2G collaboration are supposed to realise in the near-term in Spain through the SEP. Indeed, as mentioned above, Spanish customs decided to include an SEP in their national Single Window, and they are already working on it. Partner authorities are also in favour of this evolution of the Single Window, as a trade facilitation measure. According to SOIVRE's representative consulted, it is necessary that economic operators interact with a single interface. Given Spain already has a national Single Window, they would like to maintain it, which is possible with option 6. Spain plans on connecting to TRACES NT, when it is operational. So, in theory, Spanish Customs support Option 6, but it needs to be part of a realistic development plan at EU level. Data harmonisation is required, whether it be customs or regulatory requirements-related. This should be the first step in terms of future developments of the EU environment for customs, according to partner competent authorities. It will make the development of a real SEP at national level easier. It should at least include EU supporting documents in EU databases.

The expected impacts of pursuing option 6 would be significant but would also require significant investments by other Member States. Spanish customs understand that countries with only a few supporting documents do not believe it is worth investing in a complex information system.

The table below sums up the expected impacts for enhanced B2G collaboration for Spain assuming option 6 (which is favoured) were pursued.

Problem	Change
Administrative burdens in the management of goods crossing borders	+++
The improvements relating to administrative burdens would be significant for economic operators through the SEP, as they would only have to input information in only one place (only once principle).	
Multiplication of information and procedural redundancies	++
This would be significantly improved as a SEP would necessarily reduce the multiplication of information and could reduce procedural redundancies for all stakeholders.	
Poor exploitation of electronic exchange of information	+++
This would be significantly improved if option 6 makes it mandatory for all Member States to develop a Single Window in an interoperable way.	
Enforcement issues and information gaps	++
A more integrated system would provide economic operators with a single reference outlining all their obligations in one place.	

5.5. Conclusions

This closing section draws conclusions related to the severity of the problem in Spain and desirability and impacts of the different policy options.

5.5.1. Nature and scale of problems with the current situation

The current situation is not yet optimal, but stakeholders consulted were broadly satisfaction with recent developments and plan for further improvement in Spain. Nonetheless, electronic exchange of information is sometimes limited due to partner competent authorities' distinct priorities, and some Member States' level of digitisation. The exchange of information is also limited because of the lack of interoperability of different systems. The most significant problem is linked to interpretation of Community law and the resulting differences in terms of controls as well as the lack of EU-wide quantity management, which create distortions of competition between Member States within the customs union.

Problem	Rating
Administrative burdens in the management of goods crossing borders	
Multiplication of information and procedural redundancies	
Poor exploitation of electronic exchange of information	
Enforcement issues and information gaps	
Additional problem (specific to Spain): Resistance to digitisation	

5.5.2. Learning from the Spanish Single Window

Understanding the reasons behind the development of the Spanish Single Window might have broader lessons for other Member States. The economic crisis was an important driver for the project. Indeed, the Single Window freed up significant resources, which could be redeployed elsewhere. Another key factor was having an integrated IT department working in partnership with customs within the Tax Agency. Spanish customs' main objective is facilitation which is the purpose of the Single Window. Finally, Spanish customs authorities insisted on the human aspect, and on their participatory approach and relation building.

Neither the EU SW-CVED pilot, nor the EU CSW-CERTEX project provided sufficient benefits for Spanish authorities to take part. Nonetheless, customs authorities confirmed the relevance of having EU level databases for EU level supporting documents, but the information they contain must be usable and retrievable by national authorities. Spanish customs authorities would like to be able to automatically upload and download data to/from TRACES NT, to avoid any duplication of tasks.

5.5.3. Feasibility and desirability of the policy options

In the case of Spain, the most desirable policy options are linked to option 6, as briefly summarised below.

Scenarios
Baseline: The baseline scenario would see increasing improvements linked to the enlargement of the Single Window environment and the introduction of a SEP at national level.
G2G: The expected impacts of enhanced G2G collaboration would be high, especially if all systems (at EU level) were interoperable.
B2G: Option 6 is highly desirable for Spain but would be optimal only if it is mandatory for all Member States to develop a Single Window, and if it includes G2G cooperation (as described above).

6. GERMANY

6.1. Introduction and evidence base

The research on Germany was based on interviews with the Federal Customs Authority, three partner competent authorities (responsible for dual use licences at the federal level, and the CVED / CHED and waste shipment formalities for the state of Hamburg), and four economic operators (comprised of a multinational chemicals company, a freight forwarder, a customs broker and a large automaker), in addition to documents provided by the interviewees.

6.2. Administrative set-up

Due to its federal structure, the German customs authority does not play a leading role in coordinating border management with other authorities responsible for formalities. Rather, this is addressed in different ways depending on the situation in specific federal states. This was described a barrier to progress on establishing a single window environment in Germany, and to participating in EU CSW-CERTEX.

6.3. Progress so far towards a customs single window

Germany is not participating in EU CSW-CERTEX or pursuing a national single window for the moment. However, there is G2G collaboration between customs and the authority responsible for dual use licenses that resembles EU CSW-CERTEX for this purpose.

The customs authority gave several reasons for the lack of progress and enthusiasm so far. Most importantly (1) other priorities related to IT projects stipulated in the MASP / UCC, and Brexit; (2) much of the existing non-customs legislation does not allow for enhanced G2G or B2G solutions (3) Germany's federal structure (with responsibilities for relevant regulations being spread across a patchwork of authorities at different levels) makes it especially hard for customs to assume a leadership role; (4) the strong role of port community systems in Germany, which in many places were described as replicating a lot of what a single window would do.

6.4. Any problems with the status quo

Interviewees responsible for CVED / CHED formalities and waste shipment described laborious processes for dealing with clearance for relevant goods, in all cases involving original paper documents. The customs authority confirmed that the situation was similar for goods subject to other non-customs formalities. This was seen to lead require excess labour and delays, as well as potentially causing errors. While figures could not be provided, the situation was considered problematic by all interviewees, especially those economic operators which trade in goods subject to significant non-customs formalities (e.g. fresh fruits and vegetables).

However, some economic operators (e.g. the car industry) emphasised that non-customs supporting documents play only a very minor role in the time needed for goods clearance. In other words, the importance of this issue depends strongly on the goods concerned.

6.5. Likely future developments

Enthusiasm for a future EU single window environment for customs. Economic operators were in general enthusiastic about any simplification and trade facilitation measures, while the customs authority and partner competent authorities were in principle open if the political will and necessary financial resources could be secured. Moreover, partner competent authorities emphasised the importance of maintaining high standards of safety and security.

7. ITALY

7.1. Introduction and evidence base

Evidence base. The research on Italy was based on interviews with the customs authority, four partner competent authorities (responsible for CVED / CHED, sanitary certificates, hazardous chemicals and AGRIM / AGREX licences) and three economic operators (of which two customs brokers and a freight forwarder), in addition to documents provided by interviewees.

7.2. Administrative set-up

The Italian customs authority has a leading role for coordinating border management, as defined in a national legislation, which it then uses as a basis for establishing service line agreements and memoranda of understanding with partner competent authorities.

7.3. Progress so far towards a customs single window

Italy does not participate in EU CSW-CERTEX, but has an advanced national single window which involves G2G collaboration for CVED and CED certificates and AGREX/AGRIM licenses, as well as several national certificates. Conceptually and practically, this functions in a similar way as EU CSW-CERTEX, but involves information stored at national level. For documents using EU databases such as TRACES, the data is replicated nationally so that the necessary processes can be carried out. The amount of progress achieved was attributed to leadership of the customs authority, which is enshrined in national legislation, and mutual interest from customs and partner government authorities.

7.4. Any problems with the status quo

Unlike other countries, Italy has managed to do away with paper for the supporting documents included in their single window, for all declarations except the small minority involving other Member States.

Stakeholders on both sides of the table were very positive about the results achieved so far in terms of increased efficiency, improved risk management and better enforcement (along with knock-on effects like improved human health). While they had trouble quantifying benefits, before and after examples showed that the achievements were very significant. Customs and partner competent felt that documentary controls were quicker, while physical controls were easier to coordinate. Moreover, the provision of electronic data, with quantity management at national level, was seen to allow for double checking that reduced error rates.

Examples can at least give a partial idea of the types of gains that could be expected. For instance, a customs broker in Italy explained that, prior to the national single window, the operator was responsible for physically transporting documents between competent partner authorities and the customs authority. This required considerable time and / or costs from courier services, in addition to leading to delays that had knock-on effects such as storage costs and lost business from disappointed customers. These costs have now been cut to zero, since the supporting documents in question are sent electronically between authorities, without any action from the economic operator. Similarly, the national single window has allowed economic operators to conduct detailed status checks on their declarations online, avoiding un-necessary calls to the authorities or trips to pick up goods that are not ready. The introduction of the single window has also led to coordinated checks between customs and partner competent authorities, avoiding the movement of containers at cost to the economic operators that previously took place.

The costs of putting the single window in place mainly related to IT infrastructure, while training and teething costs were seen as relatively manageable (if not completely insubstantial). Unfortunately, the customs authority was not authorised to provide cost data figures due to the politically sensitive nature of budget information.

7.5. Likely future developments

In the absence of EU action, the national single window initiative would continue to be used. However, the customs authority indicated that its expansion would likely slow down or stop, given that there an expectation that the single window will be taken forward at EU level.

Given this and the notable success so far at national level, customs and partner competent authorities are very keen on advancing the single window at European level. This was expected to reduce costs and introduce functions like quantity management for documents involving multiple Member States and, more importantly from their perspective, to reduce discrepancies in enforcement between Member States. This was seen as a very big deal, because the Italians worry about unfair competition due to lax enforcement in other parts of the EU.

8. ROMANIA

8.1. Introduction and evidence base

The research on Romania was based on interviews with the customs authority, three partner competent authorities (responsible for CVED / CHED, FLEGT certificates, and AGRIM / AGREX licences) and four economic operators (of which three customs brokers dealing with different types of goods and one freight forwarder) in addition to documents provided by interviewees.

8.2. Administrative set-up

Customs has a leading role in coordinating border management, which it uses to establish collaboration and service line agreements with partner competent authorities, though the level of collaboration varies strongly by the authority in question.

8.3. Progress so far towards a customs single window

Romania is not currently participating in EU CSW-CERTEX or having a national single window, with the lack of progress mainly attributed to resource constraints. However, there are agreements in place with the authorities responsible for CVED / CHED certificates that allow for a degree of coordination regarding the submission of documents and controls. Romania has also decided to join EU CSW-CERTEX in the next two years and has started taking steps in terms of IT developments.

8.4. Problems with the status quo

For most EU-normed certificates, paper is still used in Romania. This requires economic operators to shuffle paper between authorities and face potentially long waiting times and delays, while there are reportedly plenty of human errors regarding enforcement.

8.5. Likely future developments

The customs authority and other interviewees were generally positive about any EU-led trade facilitation initiatives. However, it was also explained that the low levels of trade in many of the goods that would be included in a potential initiative (e.g. COI) meant that the current situation was not seen as overly problematic, whereas the potential gains would be limited in scale. Also considering resource constraints, the customs authority and partner competent authorities felt that EU support would be important in deciding whether to make improvements.

ANNEX D: BUSINESS-TO-GOVERNMENT USE CASES

Given the lack of existing B2G initiatives, the case studies in the foregoing section provided only limited insight on the likely impacts of the options based on such action. To obtain sufficient evidence for the study, it was thus decided within the project group to carry out a series of B2G use cases focused on a limited number of regulatory requirements. Each of these was coordinated by DG TAXUD and led by the customs authority of one Member State, with the support of partner DGs and the study team.

The use cases covered regulatory requirements for the import of live animals (CHED-A), forest management (FLEGT) and waste shipment and are structured in terms of completed templates that were developed by the study team. After a detailed description of the processes and formalities related to the regulatory requirements under review, each case study examines the potential benefits and the potential costs for different actors of future EU action. Where relevant, the use cases are supported by additional appendices. Overall, the use cases of CHED-A and FLEGT both concluded that these regulatory requirements would be feasible to include in a future B2G initiative and likely to generate positive impacts that would outweigh the foreseen costs. However, the complexity and need for important legislative changes in order to incorporate waste shipment into any future B2G initiative indicated that this would not be feasible in the near future.

1. USE CASE ON THE IMPORT OF LIVE ANIMALS

CUSTOMS 2020 PROJECT GROUP

to study a possible framework to develop a EU Single Window environment for customs (EU-SW) including the legal context

1. CASE STUDIES ON THE B2G APPROACH: SUBMISSION OF CERTIFICATES APPLICATION DATA TOGETHER WITH THE CUSTOMS DECLARATION LODGED PRIOR TO THE PRESENTATION OF THE GOODS ("CUSTOMS PRE-

Introduction

As explained in the original briefing, several case studies on B2G certificates will be carried out in the framework of the impact assessment study for the preparation of a legal initiative on the EU SW environment for customs. They are important to evaluate the possibility of expanding the initiative from the G2G cooperation, which is already established in the context of the EU-SW CERTEX programme, to the B2G dimension. This would be done by streamlining the reporting formalities imposed on trade for the import, export and transit of specific goods subject to prohibitions and restrictions or other commercial and agricultural measures. The purpose of the case studies is to gauge whether and to what extent such a B2G dimension would bring benefits for customs authorities, partner competent authorities and economic operators.

The case studies will examine three non-customs formalities laid down in the Union legislation, namely

CHED[244] (initially CHED-A), FLEGT[245] and the Waste movement document[246]. They will be carried out in January / February 2019 and be presented at the project group meeting taking place on 19-21 February. The work will be carried out collaboratively and coordinated through a series of WebEx calls to be organised by DG TAXUD, with support to be provided relevant Commission DGs (DG SANTE for CHED, DG ENV for FLEGT and the Waste movement document). To ensure the required focus, a lead Member State customs authority has been agreed for each of the three case studies. Feedback should also be sought from the partner competent authorities that are responsible for given certificates, as well as trade associations.

In practical terms, the case studies will entail answering the questions below on the (1) processes and formalities surrounding certification (fulfilment of non-customs formalities) and customs declaration processes; (2) potential benefits and (3) potential costs for different actors.[247]

Processes and formalities for certificates submission

1. Give an overview of the current processes for obtaining and submitting given certificates, including such aspects as main practical steps, actors involved, data models used, storage of data, interplay between digital and paper certificates and timing. Please consider any aspects of the processes that are specific to the practices of individual Member States, and note whether or not certificates have a one-to-one relationship with related customs declarations.

The current process for dealing with CHED-A certificates is as follows:

1.- The applicant (i.e. the operator responsible for the consignment as per Art. 56 par. 1 Regulation on Official Controls (OCR)) has to upload the application (PART I – DESCRIPTION OF THE CONSIGNMENT of the CHED) directly in TRACES[248] at least one day before arrival of the goods.[249]

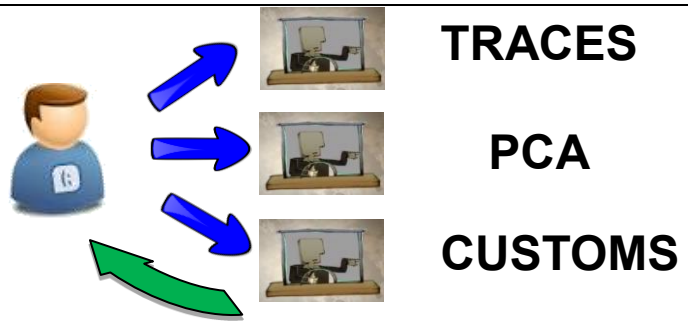
2.-If the PCA needs more information or additional documents to be able to process the application received (part 1 of the CHED), this is requested directly from the applicant (since this action cannot be done in TRACES)

3.-The CHED-A is issued by the PCA directly in TRACES.

4.- The CHED-A is downloaded (replicated) to the National Customs Single window (NCSW) and applied to the Customs Declaration.

As a result of the above process, the applicant has to interact with up to three different entities as it is shown in the following figure:

[244] As regulated in Regulation (EU) 2017/625.
[245] As regulated in Council Regulation (EC) No 2173/2005 and Commission Regulation (EC) No 1024/2008.
[246] based on the Annex IB of Regulation 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste.
[247] In addition to this, the Commission is carrying out a data mapping to explore the potential for potential data reuse and data duplication avoidance.
[248] For the time being, the Spanish partner competent authority (PCA) is using the old version of TRACES, but will switch to TRACES NT from September / October 2019.
[249] For this, the applicant has to be previously registered in TRACES. In order to be registered in TRACES, the applicant sends some data to the national PCA, which then requests the registration in TRACES.



The following considerations are applicable to this process and any changes that could be made to it:

- Risk analysis is currently defined in an EU Regulation and in the future it will be done by TRACES. The national PCA will carry out the controls required by TRACES.
- A CHED-A has to state one type of goods and one means of transport, meaning that different types goods or means of transport cannot be mixed in the same CHED-A.
- The CHED-A doesn´t have a one-to-one relationship with the customs declaration. A CHED-A can be used for several customs declarations (i.e. partial use) until the volume covered is exhausted.
- TRACES has the option to "clone" applications. If an exporter has uploaded in TRACES a certificate from the country of origin, the applicant in the EU can upload the number of that certificate and click the option to "clone" without entering more data.

2. What issues would need to be considered in order to integrate with the customs pre-declaration the submission of the certificate's application data, as well as the transmission by customs of response and follow-up actions by partner government authorities.? In particular, think about the data follows between Member State and EU databases, and any legal implications from the relevant EU legislation.

In order to integrate the Customs pre-declaration and submission of the certificate's application data, as well as the transmission by Customs of response and follow-up actions by the PCA, we propose to define a frame BPM. This BPM eases the integration of the different documents to be issued.

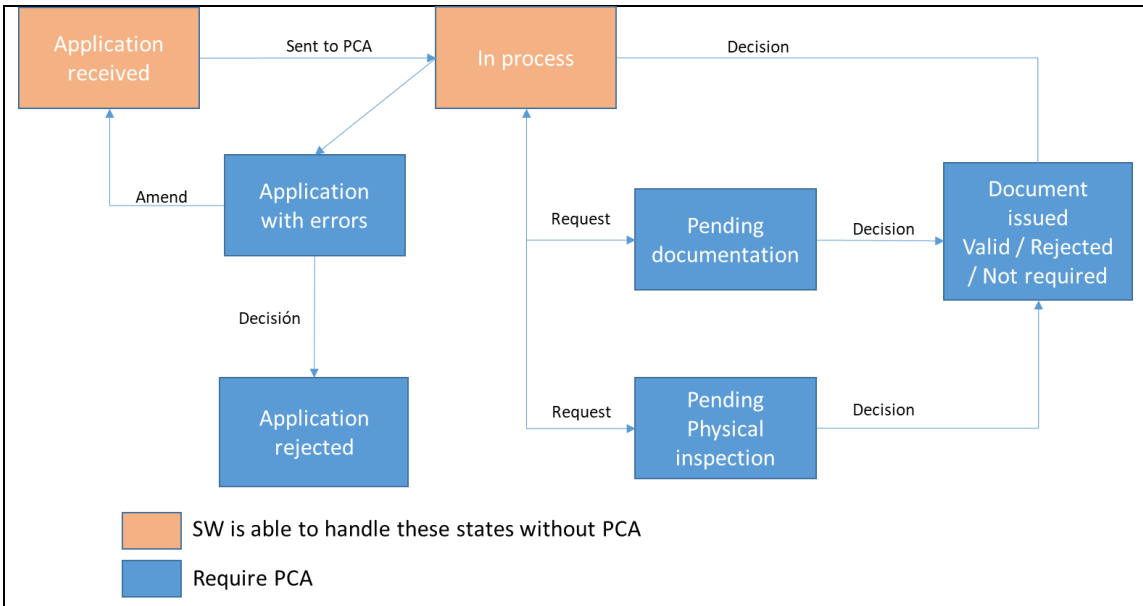
The CHED family of certificates is defined in the new OCR, which will be applicable from 14 December 2019.

According to Art. 56 (4), the operators responsible for the consignment shall give prior notification in accordance with point (a) of paragraph 3 by completing and submitting the relevant part of the CHED into the Information management system for official controls (IMSOC) for transmission to the competent authorities of the border control post prior to the physical arrival of the consignment into the Union.

The national customs clearance systems are not part of IMSOC (but TRACES is). Thus, the use of IMSOC is mandatory by EU law, what makes it necessary to interconnect the national Single Window to TRACES.

According to Art. 57 (3) OCR, if a relevant customs declarations is lodged without a valid CHED, the customs authorities shall detain the consignment and immediately notify the competent authorities of the border control post where a customs declaration is lodged.

The next figure shows the frame BPM that is the basis for the talks with the different authorities in Spain



The issues to be considered are the following:

- Besides the OCR, the IMSOC Regulation has to be considered. This Implementing Regulation (DOC SANTE/7042/2018) must be observed e. g. when it comes to rules on access to TRACES, production, handling and transmission of CHED, data exchange with customs etc.
- Data harmonisation to maximise the reuse of the data available in the Customs Declaration. The additional data required by the application ideally should only be the ones specific to the business, while it should be possible to use movement data already available in the Customs Declaration. In addition, as new documents incorporate the B2G flow offered by the SW, more data should become available for reuse.
- The specific requirements for the new document to be included in the SW need to be defined in terms of:
    - Relation vs the Customs Declaration (e.g. 1 Declaration:1 Document / 1:n / m:n)
    - Possible Status for the new document (e.g. valid, rejected, not required)
- Agreement on the validations required to be performed at SW level. As seen in the previous figure, there is a set of validations on the information submitted by the Economic Operator that may be anticipated by the SW before sending the application received to the PCA (i.e. before the Application received status some rules and conditions may be applied by the SW to the data received).
- Definition of a frame / master workflow to keep Economic Operators (EO) updated on the progress. This is needed to be able to handle the application business flow within the SW to an extent that allows the EO to be informed at any time of the status of its application and any action is required on its side. If the workflow is streamlined,, this needs to be done in a way that does not impact any other existing applications in the SW (e.g. it shall be analysed how to integrate in a general flow the clone option available in TRACES, possibly leading to a reduced data set for the data to be sent without impacting the general flow). Thus, it is required to carry out an exercise to agree with DG SANTE on the required BPM for implementing a Single Entry Point. The objective would be to avoid any interaction of the Economic Operator with TRACES when requesting the entry document through the national SW. We understand that DG TAXUD would coordinate this exercise.
- Agreement on a set of services (S2S) and/or human interface to allow
    - PCA
        - Get the data on its pending applications and the movements concerned
        - Request additional documentation to the EO

        - Request a physical inspection of (some of) the goods concerned
        - Upload the decision document once it is issued to the SW
        - Retrieve and upload relevant documentation to the SW
    - EO
        - Know at any time the status of requests
        - Upload requested documentation to the SW
        - Request for coordination of physical inspections
- Other possible services to be offered by the SW.
- SW general rules need to be agreed. These shall include at least the following (each of the items below shall identify Proof of Concepts (POCs) on each side)
    - SW Governance Scheme
    - SW Performance Indicators and Service Line Agreements (SLAs agreed by all parties involved)
    - SW Change Management
    - SW Incident Handling
    - SW Training (if a proper internal and external training is not conducted, SW use will be reduced and sub-optimum.)

3. What EU action would be needed in order to facilitate the integration process, e.g. through harmonising the datasets and flows of data between Member State and EU databases?

- Data mapping between CHED-A and the customs pre-declaration
- Agreement on validations to be performed on the data required for the application of the CHED-A before sending them to TNT from customs IT systems
- Analysis of the CHED-A legislation in order to find out whether it has to be amended or whether the envisaged changes are possible with the legislation as is.
- IT developments to be able to accept the application data in the S2S flow (for both a complete request and a request based on cloning). This would be the main development required. However, other developments would also be needed based on analysis of the required BPM. This would help to understand better the possible advantages of the Single Entry Point when compared to the previous situation of the EO using two different Systems.

4. Describe how the process for submission of the customs pre-declaration and certificate's application data would look after integration takes place.

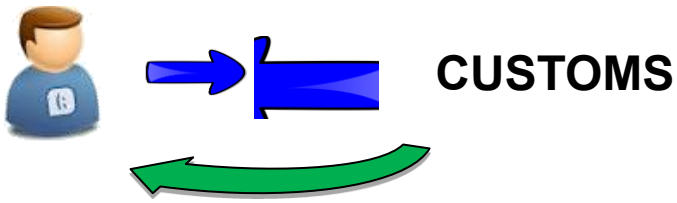
After the integration takes place, the current process (i.e. process AS IS) would change to the following process (i.e. process TO BE):

1. The applicant submits certificate application data together with the customs pre-declaration at least one day before the arrival of the goods to the NCSW.
2. The NCSW carries out the validations decided by TRACES before accepting the pre-declaration.
3. After the validations, the NCSW uploads application (Part I) onto TRACES.
4. The national PCA receives a notification from TRACES communicating that a new application has been uploaded.
5. The national PCA carries out the physical or documentary controls decided by TRACES (based on risk analysis done in TRACES). For this, the PCA shall request any additional documentation or

the need for a physical inspection on the NCSW.

6. The national PCA issues the CHED-A in TNT
7. NCSW downloads (in case of Spain) or access to the certificates in TNT through CERTEX and can release the goods.

This process is in line with what has been presented in section 2 and allows the applicant to only interact with one system as depicted below:



Benefits for national customs authorities, partner competent authorities and economic operators

5. Describe likely benefits of the integrated solution for customs authorities and partner competent authorities in terms of such aspects as fraud prevention from the provision of more consistent data and time savings from more efficient certificates submission and processing. Quantify estimates where possible, or give a sense of their magnitude and how they would be spread across different authorities.

The risk of fraud and the number of errors would be greatly reduced because the data and documentation required would be sent just once to all the authorities involved. More specifically:

- The fact of having a unique set of documentation for all parties involved reduces possible fraud related to sensitive documents, e.g. commercial invoices. There is no possibility to present different invoices to the different parties involved. This is achieved by having a common documentation repository in the Customs Single Window, accessible to all authorities involved.
- The PCA issues the required document with the data from the customs declaration. As there is no double data declaration to Customs and to the PCA, there is no possible error or difference between the data in the Customs Declaration and in the PCA document. In addition, the data received by the PCA is already validated according the rules agreed previously with customs authorities. This means that validation is not duplicated in different systems, avoiding errors (e.g. different interpretation of the rules) and easing system development and maintenance (since only one code needs to be developed and maintained by one entity).

In addition to the above, another benefit would be increased harmonisation between MS customs administrations and PCAs. When introducing a new document in the CSW, there is initial work to be done to correlate the data required in the PCA document to the one existing in the customs declaration. From this analysis, an initial data harmonisation is already done (i.e. a certain box from the PCA document refers to a certain box in the customs declaration). Taking forward this analysis should lead to further data harmonisation, even if legal modifications are required, as this is key to trade facilitation.

6. Describe likely benefits of the integrated solution for economic operators in terms of reduced administration burdens from e.g. the establishment of a single communication channel, integrated process, reduced need for multiple submission of the same data. Quantify estimates where possible, and / or give a sense of their magnitude and how they would be spread across different types of economic operators.

Introducing a Single Entry Point would lead to efficiency savings and cost reductions for EOs and thus facilitate trade. More specifically:

- Submission of the documents and data just once. This implies a reduction of the administrative burden, fewer possibilities for mistakes .
- Reduction of the time for releasing the goods. To give an idea of the scale of the reduction, manual documentary controls just for PCA documents at customs takes in average 45% of the time

required for a complete documentary control. If all the information were in the system and no manual interventions were needed, the goods could simply be released without using this time.

- More transparent and predictable process.
- One reference point submitting and retrieving information
- More effective and efficient deployment of resources

Note that, as a Proof of Concept of this future process, DG TAXUD, DG SANTE and Spain have agreed to implement a Pilot System for CHED-A and CHED-D entry documents. The scope of this pilot system is described in the separate document: "Pilot scope_080420". It is expected to perform tests with real consignments in the last quarter of 2019. Lessons learnt from this pilot will help complete this section in more detail.

Costs for national customs authorities and partner competent authorities and economic operators

7. Estimate the likely implementation costs of the integrated system for customs authorities, partner competent authorities, European Commission and economic operators. Please distinguish between one-off costs, training and recurrent IT costs of any new systems. Estimates could be derived based on national experiences, e.g. in Spain, the Netherlands and Italy. Quantify estimates where possible, and / or give a sense of their magnitude and how they would be spread across different authorities.

For the customs and EOs, the main costs are those related to the development and modifications in the IT systems in order to include in the pre-declaration the certificate application data.

The costs envisaged for the Customs IT Department, considering 4 persons of different levels of the Administration working full-time in the development and modifications of the IT systems required for this pilot project during eight months are EUR 164 850. From the business side, the cost estimated is EUR 22 960, considering two persons involved in the project full time during two months. The total costs would thus be EUR 187 810 euros. These costs include the four CHED certificates, but do not include the PCA costs.

2. USE CASE ON FOREST MANAGEMENT

CUSTOMS 2020 PROJECT GROUP

to study a possible framework to develop a EU Single Window environment for customs (EU-SW) including the legal context

2. CASE STUDIES ON THE B2G APPROACH: SUBMISSION OF CERTIFICATES APPLICATION DATA TOGETHER WITH THE CUSTOMS DECLARATION LODGED PRIOR TO THE PRESENTATION OF THE GOODS ("CUSTOMS PRE-

Introduction

As explained in the original briefing, several case studies on B2G certificates will be carried out in the framework of the impact assessment study for the preparation of a legal initiative on the EU SW environment for customs. They are important to evaluate the possibility of expanding the initiative from the G2G cooperation, which is already established in the context of the EU-SW CERTEX programme, to the B2G dimension. This would be done by streamlining the reporting formalities imposed on trade for the import, export and transit of specific goods subject to prohibitions and restrictions or other commercial and agricultural measures. The purpose of the case studies is to gauge whether and to what extent such a B2G dimension would bring benefits for customs authorities, partner competent authorities and economic operators.

The case studies will examine three non-customs formalities laid down in the Union legislation, namely CHED[250] (initially CHED-A), FLEGT[251] and the Waste movement document[252]. They will be carried out in January / February 2019 and be presented at the project group meeting taking place on 19-21 February. The work will be carried out collaboratively and coordinated through a series of WebEx calls to be organised by DG TAXUD, with support to be provided relevant Commission DGs (DG SANTE for CHED, DG ENV for FLEGT and the Waste movement document). To ensure the required focus, a lead Member State customs authority has been agreed for each of the three case studies. Feedback should also be sought from the partner competent authorities that are responsible for given certificates, as well as trade associations.

In practical terms, the case studies will entail answering the questions below on the (1) processes and formalities surrounding certification (fulfilment of non-customs formalities) and customs declaration processes; (2) potential benefits and (3) potential costs for different actors.[253]

[250] As regulated in Regulation (EU) 2017/625.
[251] As regulated in Council Regulation (EC) No 2173/2005 and Commission Regulation (EC) No 1024/2008.
[252] based on the Annex IB of Regulation 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste.
[253] In addition to this, the Commission is carrying out a data mapping to explore the potential for potential data reuse and data duplication avoidance.

Processes and formalities for certificates submission

1. Give an overview of the current processes for obtaining and submitting given certificates, including such aspects as main practical steps, actors involved, data models used, storage of data, interplay between digital and paper certificates and timing. Please consider any aspects of the processes that are specific to the practices of individual Member States, and note whether or not certificates have a one-to-one relationship with related customs declarations.

FLEGT Licence

In 2003, the EU adopted the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan to address illegal logging and associated trade on the basis of cooperation between producers and consumers and a combination of demand- and supply-side measures. Fifteen tropical countries, accounting for 80% of EU tropical timber imports, are implementing or negotiating Voluntary Partnership Agreements (VPAs) in relation to FLEGT. These countries are Cameroon, Central African Republic, Ghana, Indonesia, Liberia and the Republic of the Congo. On 15 November 2016, Indonesia became the first partner country to start FLEGT licensing.

FLEGT licenses are documents issued by timber-producing countries that have ratified a VPA with the EU. The licenses confirm that timber or timber products comply fully with the relevant laws of the country of export. FLEGT-licensed timber and timber products are considered to comply with the requirements of the EU Timber Regulation, which prohibits EU importers and EU timber producers from placing illegally harvested timber and timber products on the EU market. FLEGT licences thus allow EU importers to avoid further due diligence on FLEGT-licensed timber.

In order for a VPA country to issue FLEGT licenses, it must put in place a timber legality assurance system and other measures outlined in the VPA. When fully operational, VPA timber legality assurance systems are robust and credible. They involve controlling supply chains and verifying legal compliance and must be independently audited. The systems are built on practical definitions of legality that have been developed through participatory processes involving stakeholders from government, the private sector and civil society.

FLEGT licenses therefore indicate that products comply with a broad range of laws and regulations in the partner country, in such areas as forest management, environmental aspects, labour rights, community benefits, import and export procedures and payments of fees and taxes.

FLEGT licenses are usually shipment-based, meaning they have a one-to-one relationship with related customs declarations.

Impact on Stakeholders and Users

Main actors:

a) **FLEGT Licensing Authorities** - FLEGT Licensing Authorities are the third-country authorities in countries with VPAs that are responsible for issuing FLEGT licenses. Economic operators have to apply for FLEGT licenses at these authorities. Due to the fact that Indonesia is so far the only partner country where the FLEGT licensing process has started, only Indonesian FLEGT licensing authorities have been defined. These are independent organisations registered with and supervised the Ministry of Environment and Forestry, which lists them on the SILK website: http://silk.dephut.go.id/index.php/info/vlegal. In Indonesia, independent private certification bodies, called Conformity Assessment Bodies (CABs), are accredited by the National Accreditation Committee (KAN) and given a mandate by the Ministry of Environment and Forestry to carry out legality verification functions nationwide. As of June 2016, 22 of the CABs had also been accredited and mandated as licensing authorities. The licensing authorities use the SILK online information management system managed by the Licence Information Unit (LIU). In the case of questions about a FLEGT licence or a licensing authority, the LIU is the main source of information in Indonesia.

b) **FLEGT Competent Authorities** - FLEGT Competent Authorities are the authorities in EU Member States responsible for verifying FLEGT licenses, as set out in the EU FLEGT Regulation. The list of FLEGT Competent Authorities in each Member State, along with information (where available) on their procedures for handling FLEGT licenses, has been published by the European

Commission on the Europa website. The rules state among other things that a FLEGT licence covering a given shipment shall be available to the national competent authority at the same time as the customs declaration for that shipment is presented for release for free circulation in the respective Member State. The competent authorities must also keep a record — in electronic or paper format — of the original FLEGT licence together with the corresponding customs declaration.

c) **Exporter of goods from partner country**

d) **Importer of goods into EU**

Legislation

a) Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community,

b) Commission Regulation (EC) No 1024/2008 of 17 October 2008 laying down detailed measures for the implementation of Council Regulation (EC) No 2173 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community,

c) Commission Delegated Regulation (EU) 2016/1387 of 9 June 2016 amending Annexes I and III to Council Regulation (EC) No 2173/2005 following a Voluntary Partnership Agreement with Indonesia for a FLEGT licensing scheme for imports of timber into the European Union

Current Process for dealing with FLEGT licenses

Before the import of goods:

Before the export of relevant goods and lodging of the import declaration, the FLEGT licence must be issued in the partner country (so far only Indonesia) by a licensing authority following an application by the exporter. FLEGT license data are not shared automatically with the country for which the licence is issued and to which the goods are being transported (authentication is based on the access of the Member State to SILK system). The Details of the process and guidance notes have been published as an Annex of Commission Regulation (EC) No 1024/2008 of 17 October 2008.

Procedure before lodging the import declaration in a Member State

The next step is to verify the FLEGT licence in the EU IT system which has been set up for this purpose. This is called FLEGIT, which was created by the EC on the TRACES system interface. All Member State competent authorities must be registered, using the Commission's main ECAS authentication service. The exact process differs to a certain extent in individual Member States. For example, in the Czech Republic, importers are asked, for the purpose of speed and simplicity, to register in FLEGIT and insert the relevant licenses before presenting the paper license and goods to customs. In Germany only the electronic licenses in FLEGIT are used. The importing company has a duty to prove the validity of that a FLEGT licence issued in Indonesia in the FLEGIT system, while the Member State competent authority is obliged to verify that the licence (i.e. the process is delegated by the EC to Member States). The licence shall be lodged with the competent authorities of the Member State in which the shipment covered by that licence is declared for release for free circulation. The competent authorities are responsible for receiving, accepting and verifying the license. Where further verification of the licence or of the shipment is deemed necessary, the licence shall be accepted only after this has been done.

Timber consignments cannot be released for free circulation until (positive) accomplishment of the verification of the licence. Individual customs offices may, in case of any doubt about the validity of a FLEGT licence or data it contains, suspend the release of the goods and – depending on national legislation/agreements – take a sample or carry out other checks in order to assist the competent authority.

Importantly, at present FLEGT licences are inserted into FLEGIT by economic operators or Member State competent authorities, rather than the Indonesian authorities. However, a project (with the support of the Indonesian authorities, Dutch Ministry of eCertification and the EC) started on 21 January 2019 to receive FLEGT licenses electronically from SILK onto FLEGIT. From a technical point of view, the project has already defined the data model of the information to be exchanged as well as the workflow. A first prototype is foreseen by June 2019, with operations starting by end 2019 (see scenario II below).

2. What issues would need to be considered in order to integrate with the customs pre-declaration the submission of the certificate's application data, as well as the transmission by customs of response and follow-up actions by partner government authorities? In particular, think about the data follows between Member State and EU databases, and any legal implications from the relevant EU legislation.

Possible Alternatives

In line with EU policies for customs, security and interoperability, three scenarios and a range of alternatives are foreseen to improve the efficiency and implementation of FLEGT legislation. These are discussed in the ensuing paragraphs (see also illustrative diagrams in the Annex).

I. Current scenario and possible future scenario with third countries other than Indonesia (e.g. Ghana): The exporting country ***authorities do not insert FLEGT licences into FLEGIT.***

II. Future scenario with Indonesia (from end 2019): As mentioned in the current process description, it is foreseen that from end of 2019 onwards, FLEGT licences issued by Indonesia, will be electronically sent from SILK to FLEGIT.

III. Possible future scenario where third country authorities can directly access TRACES NT

Under each of the three scenarios the following alternatives could be identified:

I) Current scenario where the exporting country authorities do not insert FLEGT licences into FLEGIT:

A) do nothing or AS IS situation:

The customs declaration is presented to customs. The FLEGT licence is entered in the FLEGIT system either by the importer or the competent authority, depending on the MS (See details in section **Procedure before submitting of customs declaration in Member State).** In this case there are two different channels, for the economic operator (importer) to submit information: customs systems for the customs declaration and TRACES NT (FLEGIT) for FLEGT licence submitted for validation to the competent authority. As shown in the data mapping table in section 3, a large number of data overlap, resulting in redundancies if operators are required to submit the same information more than once.

B) Submission of FLEGT data together with the customs declaration for release for free circulation lodged prior to the presentation of the goods (i.e. in a pre-declaration)

Based on the data mapping exercise, the additional elements of the FLEGT licence which are not part of the customs declaration should be identified. The importer would provide those additional data together with the customs declaration data. A set of data equivalent to the licence data would then be sent from the customs systems to FLEGIT via CERTEX. If customs is the competent authority, validation could potentially be done in the customs environment, but this would preclude a harmonised approach and would not likely be cost effective.

II. Future scenario with Indonesia (from end 2019): FLEGT licences issued by Indonesia, will be electronically sent from SILK to FLEGIT.

This scenario would involve the use of digital channels among the authorities responsible for issuing licenses in third countries and their connectivity to FLEGIT. In this case, it concerns for example activities associated with SILK in Indonesia. This scenario has the important advantage of making paper-based FLEGT- licenses obsolete. The importer (or the competent authority would not have to key the FLEGT licenses in TRACES manually. However, verification of the electronic license will remain necessary and the economic operator will have to take ownership of the licence and present it for validation to the competent authority for the import of goods in a specific customs declaration.

It should be noted that, if economic operators no longer have access to TRACES, they would lose the ability to make use of some of its key functions. For example, TRACES provides operators with a kind of dashboard where they can easily see the status of all their licenses (pending validation, cleared, etc.) and to generate reports / statistics about the licences issued to them. If they no longer have access to TRACES, these features would be lost or need to be reproduced at the customs system level. It also includes the possibility for operators to link several types of certificates that apply to the same goods (e.g. a FLEGT license and CHED-PP certificate). However, if the customs declaration is used to apply these certificates, then the link will already be made, and this last feature would become redundant.

This scenario could be implemented in several ways:

A. Keep separate channels for the importer to, on the one hand submit the licence received in FLEGIT from the SILK system to the competent authority (take ownership of the licence for the import of goods covered in it) and on the other hand lodge the customs declaration in the customs system. Although the importer would not have to key the licence data in FLEGIT because they will be sent electronically by the exporting competent authority (from SILK), the importer would still need to connect to two systems for getting the licence validated by the competent authority and lodging the import declaration

B. Submission of FLEGT certificates data together with the customs declaration for release for free circulation lodged prior to the presentation of the goods (pre-declaration)

Under this alternative, the importer could take ownership of the licence that has been electronically received in FLEGIT from the SILK system. This would mean adding to the customs declaration mainly two data, namely the licence number and the verification number. These two data, together with the data pertaining to the customs office where the goods are declared for import and probably other data on the goods and quantity declared for import, would have to be sent from the customs system to FLEGIT via CERTEX. By this action, (presenting the customs the import pre-declaration with these additional data) the importer would, simultaneously to lodging the customs declaration, be taking ownership of the FLEGT licence and submitting it to the competent authority for validation. The importer would under this alternative deal with a single system: the customs import system. This alternative could possibly be split in two sub-alternatives:

B1 – Customs is Competent Authority (the competent authority - 8 MS: BG, CZ, EE, LT, PL, PT, SK, SI)

B2 - Customs is not Competent Authority

III. Possible future scenario where third countries can directly access TRACES

As in scenario II, it has big advantages for importers. Besides allowing importers to avoid keying in information from FLEGT licenses to TRACES NT manually (which would reduce errors), they would save time and avoid new system development costs. However, few exporting countries are likely to accept this alternative because they manage similar licenses (V-legal) for parts of the world other than the EU (like Japan, USA etc.). And both V-legal and FLEGT licenses are managed in the same national system. This alternative is also not appropriate for communication between the EU and Indonesia, in light of the ongoing work to connect SILK with FLEGIT. But it can be one of the possible solutions for future third partner countries. Notably, similar solutions are used for other systems, such as REX. Note that the alternatives under this scenario would not differ from the ones under scenario II, as only the way the data made are electronically available in the FLEGIT system varies.

3. What EU action would be needed in order to facilitate the integration process, e.g. through harmonizing the datasets and flows of data between Member State and EU databases?

A data mapping between the FLEGT licence (application part) and the customs declaration has been carried out in order to explore the potential for data reuse and data duplication avoidance, which covers both UCC and WCO data formats.

4. Describe how the process for submission of the customs pre-declaration and certificate's application data would look after integration takes place.

The processes for submission of customs pre-declarations and application of FLEGT data are described in detail in section 2 above on the possible scenarios and alternatives for future action.

Benefits for national customs authorities, partner competent authorities and economic operators

5. Describe likely benefits of the integrated solution for customs authorities and partner competent authorities in terms of such aspects as fraud prevention from the provision of more consistent data and time savings from more efficient certificates submission and processing. Quantify estimates where possible, or give a sense of their magnitude and how they would be spread across different authorities.

The expected benefits from increased digitalisation and electronic exchange of information (particularly automated FLEGT validation) would lead to simplified and more efficient processes for all actors and reductions in errors and fraud. More specifically:

Member State customs administrations would:

- Save time by making it easier to access information, improving cooperation and increasing flexibility with regard to the management of information.
- Reduce possibilities of error and fraud, both through making processes more robust and by allowing customs officers to focus on the most important tasks and issues. The extent of these benefits would depend to a certain extent on the extent to which processes are already digitalised in given Member States, .g. in Germany customs offices which use FLEGIT have no paper-based activity, but in the Czech Republic (where customs is the competent authority),customs offices need paper licences to be able to record them into FLEGIT in cases where the importer does not insert them itself.

Competent authorities would benefit from better supervision and fraud prevention (particularly from reductions in the forging of paper FLEGT licences) and reduce the time needed to verify suspicious FLEGT licences.

To give an idea of the scale of the potential benefits, Czech Customs processed 564 FLEGT licences in 2018. For each of these licences a customs officer had to log into FLEGIT and manually check the validation and confirm it before releasing the goods for free circulation. In principle this will have taken about ten minutes per licence, making for a potential savings of 94 hours of labour.

6. **Describe likely benefits of the integrated solution for economic operators in terms of reduced administration burdens from e.g. the establishment of a single communication channel, integrated process, reduced need for** multiple submission of the same data. Quantify estimates where possible, and / or give a sense of their magnitude and how they would be spread across different types of economic operators.

In case of simplifying of registration of FLEGT licence thanks to customs clearance, the administrative burden for the importer is significantly reduced. The importer would not face the reality of dealing with several systems independent of each other with different user interfaces and work-flow. (Except for those who are importing in several MS). On the other hand, there is a need to invest financial means to development, adjustment and modification of third parties' customs clearance systems. That might be a disadvantage from our point of view. Discussions with trade associations in the project group confirmed that the expected benefits would be substantial.

Keeping with the example of the 564 FLEGT licences issued by Czech customs in 2018, it is reasonable to assume that importers probably spent a similar amount of time inserting (creating) FLEGT licences into FLEGIT. In the future, claiming to ownership of the licence would take about half as long, i.e. five minutes per licence, making for a savings of 47 labour hours per year.

Costs for national customs authorities and partner competent authorities and economic operators

7. Estimate the likely implementation costs of the integrated system for customs authorities, partner competent authorities, European Commission and economic operators. Please distinguish between one-off costs, training and recurrent IT costs of any new systems. Estimates could be derived based on national experiences, e.g. in Spain, the Netherlands and Italy. Quantify estimates where possible, and /

or give a sense of their magnitude and how they would be spread across different authorities.

Costs for customs – upgrade for each Member State IT systems for processing customs declarations together with dataset of FLEGT license.

Costs for partner competent authorities – in current situation – almost nothing. If the chosen scenario and alternative include data exchange with Indonesia, then they would bear costs from dealing with upgrades to FLEGIT (with the Indonesian and later other authorities needing to upgrade SILK / their systems)

Costs for the Commission – an upgrade of FLEGIT (within TRACES) would be needed to ensure it can receive the dataset of FLEGT license from customs IT systems.
Costs for economic operators – upgrade of their IT systems for submitting customs declarations together with dataset of FLEGT license

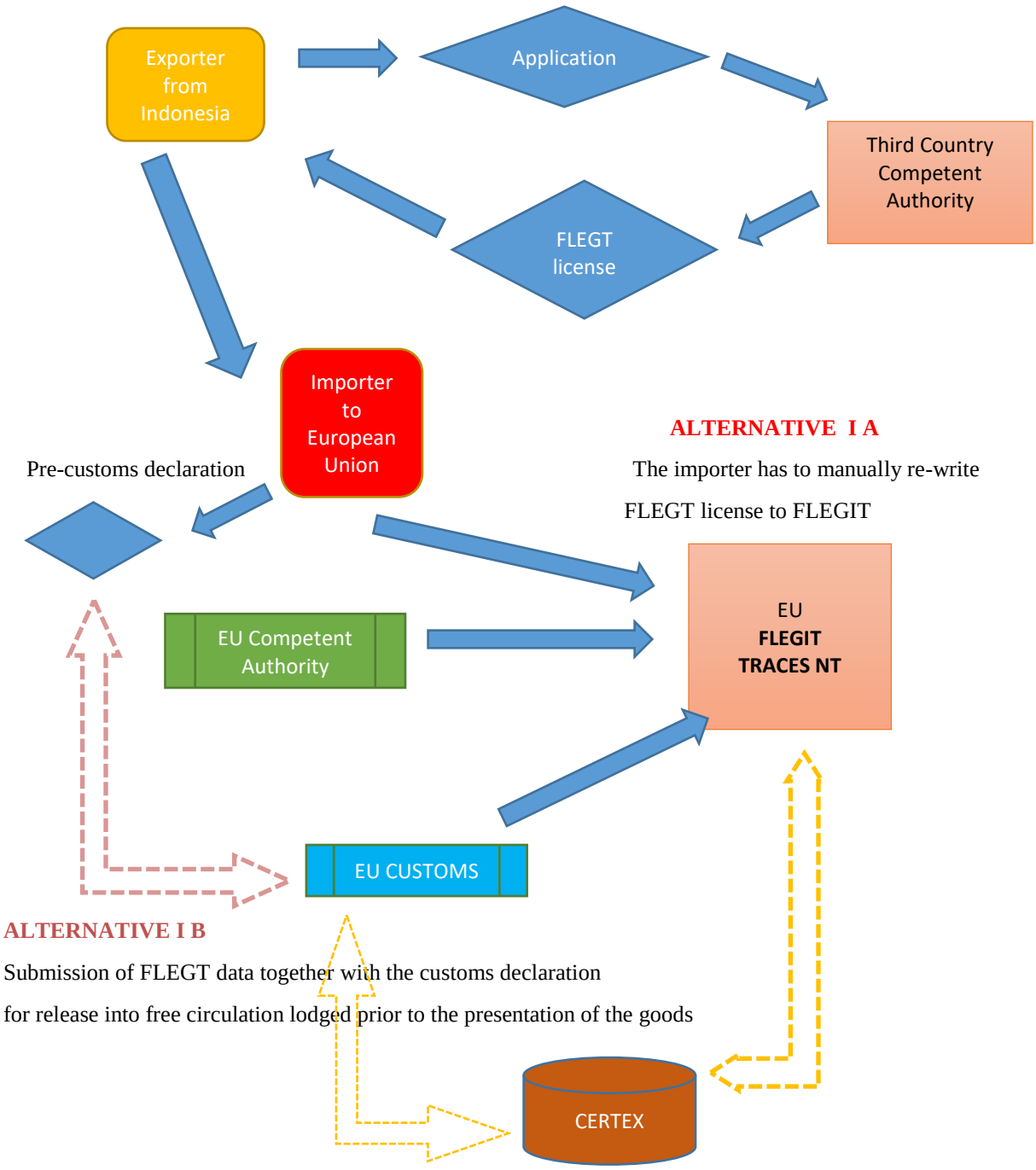
It is difficult to estimate the costs of new B2G developments without knowledge of the exact scope of expected work (e.g. if completely a new system would be required or whether upgrades to existing systems would suffice; how the system would interact with other systems such as ICS and ECS). There are also important differences between countries in terms of IT infrastructure and institutional arrangements. To give some indication, Czech customs estimates that the costs would be roughly similar (though likely higher) than those incurred for aspects of EU SW-CVED and EU CSW-CERTEX, as follows:

- Development of a new IT system: to develop the national component of EU SW-CVED and incorporate CITES permits in 2015, the cost was about EUR 63 000
- Upgrades to existing systems: improvements to EU SW-CVED and incorporation of quantity management functions for CITES permits in 2017 cost about EUR 16 500
- Upgrading systems: implementing FLEGT according EU SW CERTEX specifications cost about EUR 48 000.
- New B2G customs environment: a new portal (cPortal) is currently in the first phase of development (identification and authentication and e-submitting of tax declarations and forms has costs of about EUR 1.2m.

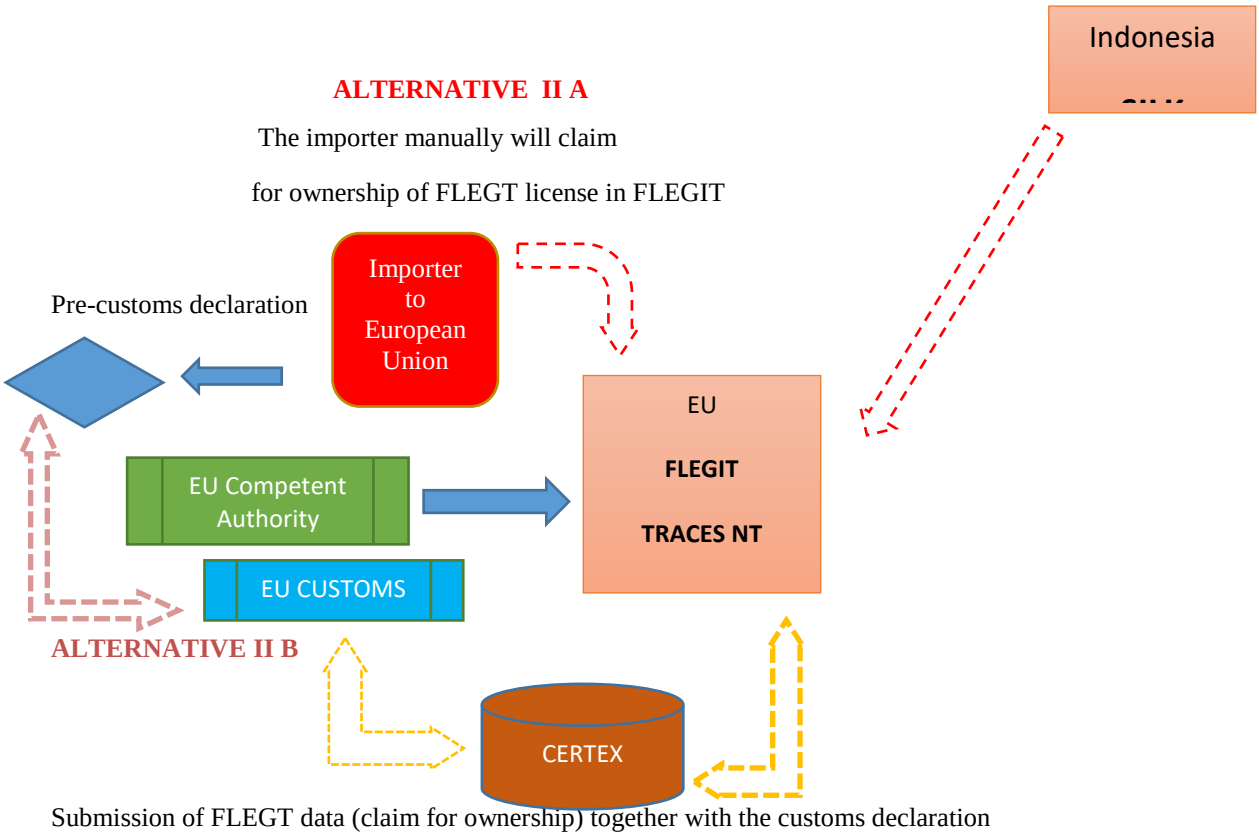
Appendix D.2.

Two Case studies on the B2G approach: Submission of certificates application data together with the customs declaration lodged prior to the presentation of the goods ("customs pre-declaration")

I. Current scenario and possible future scenario with third countries other than Indonesia (e.g. Ghana): The exporting country ***authorities do not insert FLEGT licences into FLEGIT.***

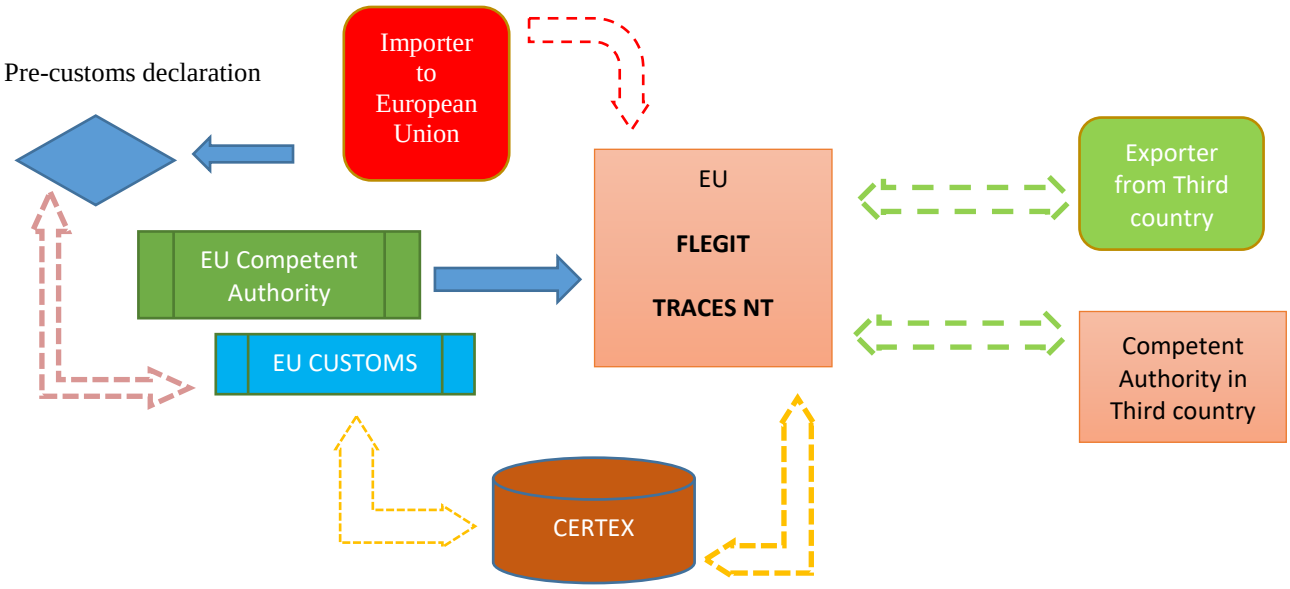


II. Future scenario with Indonesia (from end 2019): FLEGT licences issued by Indonesia, will be electronically sent from SILK to FLEGIT.



Submission of FLEGT data (claim for ownership) together with the customs declaration for release for free circulation lodged prior to the presentation of the goods

III. Possible future scenario where third country authorities can directly access TRACES NT



3. USE CASE ON WASTE SHIPMENT

CUSTOMS 2020 PROJECT GROUP

to study a possible framework to develop a EU Single Window environment for customs (EU-SW) including the legal context

3. CASE STUDIES ON THE B2G APPROACH: SUBMISSION OF CERTIFICATES APPLICATION DATA TOGETHER WITH THE CUSTOMS DECLARATION LODGED PRIOR TO THE PRESENTATION OF THE GOODS ("CUSTOMS PRE-

Introduction

As explained in the original briefing, several case studies on B2G certificates will be carried out in the framework of the impact assessment study for the preparation of a legal initiative on the EU SW environment for customs. They are important to evaluate the possibility of expanding the initiative from the G2G cooperation, which is already established in the context of the EU-SW CERTEX programme, to the B2G dimension. This would be done by streamlining the reporting formalities imposed on trade for the import, export and transit of specific goods subject to prohibitions and restrictions or other commercial and agricultural measures. The purpose of the case studies is to gauge whether and to what extent such a B2G dimension would bring benefits for customs authorities, partner competent authorities and economic operators.

The case studies will examine three non-customs formalities laid down in the Union legislation, namely CHED[254] (initially CHED-A), FLEGT[255] and the Waste movement document[256]. They will be carried out in January / February 2019 and be presented at the project group meeting taking place on 19-21 February. The work will be carried out collaboratively and coordinated through a series of WebEx calls to be organised by DG TAXUD, with support to be provided relevant Commission DGs (DG SANTE for CHED, DG ENV for FLEGT and the Waste movement document). To ensure the required focus, a lead Member State customs authority has been agreed for each of the three case studies. Feedback should also be sought from the partner competent authorities that are responsible for given certificates, as well as trade associations.

In practical terms, the case studies will entail answering the questions below on the (1) processes and formalities surrounding certification (fulfilment of non-customs formalities) and customs declaration processes; (2) potential benefits and (3) potential costs for different actors.[257]

[254] As regulated in Regulation (EU) 2017/625.
[255] As regulated in Council Regulation (EC) No 2173/2005 and Commission Regulation (EC) No 1024/2008.
[256] based on the Annex IB of Regulation 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste.
[257] In addition to this, the Commission is carrying out a data mapping to explore the potential for potential data reuse and data duplication avoidance.

Processes and formalities for certificates submission in relation to Regulation (EC) 1013/2006 (Waste Shipment Regulation (WSR))

1. Give an overview of the **current processes** for obtaining and submitting given certificates, including such aspects as main practical steps, actors involved, data models used, storage of data, interplay between digital and paper certificates and timing. Please consider any aspects of the processes that are specific to the practices of individual Member States, and note whether or not certificates have a one-to-one relationship with related customs declarations.

The current procedures[258] regarding shipments of waste in, out or through the EU require in certain cases[259]

- in case of a foreseen shipment of waste falling under the notification and consent procedures of the WSR, the notifier lodges a notification through the use of Annex IA of Regulation (EC) 1013/2006 (Waste Shipment Regulation (WSR)) (notification document), and
- lodges simultaneously a movement document per shipment (Annex IB WSR)

with the Competent Authority (CA)[260]

- the notifier provides a guarantee
- the CA of dispatch notifies the CA of destination and, where applicable, the CA(s) of transit
    - every CA has the authority to refuse the shipment taking place
- at the latest three days prior to the shipment, the notifier notifies of its intentions to ship the waste.
    - **customs** checks[261] whether the shipment is legal when goods[262]:
        - enter the Union
        - are declared for export
        - leave the union

        This includes transit and the possibility to check the legality of the shipment when the good are placed under a customs procedure after entry.
- the notifier notifies the CA of destination of receipt of the shipment. This CA notifies the CAs of dispatch (and transit, where applicable)
- the CA of dispatch and, where appropriate, of transit sends stamped copies of the notification to the **customs** office of entry or export and exit (including transit) when they approve of the shipment ("decision to consent")
- the carrier delivers a copy of the movement document to the **customs** office of entry OR export and exit (including transit)
- **customs** stamps and signs the movement document accompanying the shipment in box 20 - 22 thus recording passage of the consignment through the customs offices of all countries concerned
- **customs** notifies the exit of the shipment out of the EU by sending a stamped copy of the movement document to the CA of dispatch (CA of destination in the case of entry, CA of transit in the case of transit)

[258] The most extensive procedure is described. See the table in the annex on requirements. These procedure do not include the regular customs formalities to be performed, i.e. lodging a customs declaration or re-export declaration.
[259] The process is to be looked upon from a global perspective; e.g. the competent authority can also be established in a third country.
For less sensitive waste shipments which are not subject to the notification and consent procedures (especially so-called "green" listed waste destined for recovery) a lower level of supervision applies. In these cases only an information document (TARIC code C672) has to accompany the shipment (Article 18, Annex VII WSR).
[260] The WSR (Article 13) provides for a General notification valid for one year.
[261] In NL the customs declaration system has an interface with the CA. This does not follow from the WSR.
[262] In the customs declaration a reference is made to the notification and the movement document

The CA is involved in the process as this is the authority which, based on the notification and in cooperation with competent authorities of all countries involved in the shipment, allows upon application of the notifier the import, export or transit of waste.

Customs will then be able to allow entry, export or exit by checking whether or not a notification document and a movement document are present. They are able to, when required, to conduct a physical inspection to verify that the goods (waste material) correspond with the declaration. If a customs office of entry, export or exit discovers an illegal shipment[263], it shall without delay inform the CA in the country of the customs office that discovers the illegal shipment.

Example for export/exit out of the EU with destination OECD-Decision countries:

According to article 38 par. 3 WSR the following non-customs formalities have to be fulfilled :

1. The competent authorities of dispatch and, where appropriate, transit in the Union shall send a stamped copy of their decisions to consent to the shipment to the customs office of export and to the customs office of exit from the Community
2. A **copy of the movement document shall be delivered by the carrier** to the customs office of export and to customs office of exit from the Union.
3. As soon as the waste has left the Union, the customs office of exit from the Community shall **send a stamped copy of the movement document to the competent authority** of dispatch in the Community stating that the waste has left the Community.

Whereas obligation 1 is usually fulfilled by using the Notification document for trans boundary movements/shipments of waste (Annex IA WSR, TARIC code C669) formalities 2 and 3 explicitly refer to a **copy** of the movement document (Annex IB WSR, TARIC code C670).

On transit and entry, the process is similar.

It has to be taken into account that in the case of export the movement document can be easily identified as a supporting document for the export or re-export declaration whereas in the case of import the formalities have to be fulfilled immediately at the customs office of entry (= customs office where the waste is brought physically into the customs territory).

- the CA of destination and, where appropriate, of transit sends stamped copies of the movement document to the **customs** office of entry[264].
- the carrier delivers a copy of the movement document to the **customs** office of entry[265]
- **customs** notifies the entry of the shipment in the EU by sending a stamped copy of the movement document to the CA of destination and the CA('s) of transit, where applicable

There is no provision in the WSR[266] (i.e. no union-formality) requiring delivery of a copy of the movement document when the formalities for declaring goods to a customs procedure are carried out at a customs office of import different from the customs office of entry (e.g. customs declaration for release for free circulation is lodged after transit from the border to a customs office in the inland).

Usually there is a one-to-one relationship of the copy movement document with the related declaration. The WSR requires explicitly a copy of the movement document which has to be stamped. In the current legislation there is no electronic equivalent to this paper copy for customs purposes (see however Art. 26 par. 3 WSR which would allow a digitization of the document itself).

[263] Goods identifies as waste covered by the WSR.
[264] In the CCC before the introduction of the ENS this was sufficient and clear. Now with an office of first entry and an office where the goods are unloaded it is not clear anymore.
[265] It has to be noted that this probably is the customs office where the goods are presented to customs. Although in practice this will be the customs office where the goods are placed under a customs procedure (release for free circulation or external transit).
[266] This seems not to be necessary. Although it is not stated in the WSR its seems logical that customs checks (risk based) when goods are placed under release for free circulation or external transit. After that, from WSR point of view, customs has no role in supervision on the goods. Furthermore the check whether goods are permitted to enter was already made, the WSR does not take into account the Union-status of thee goods.

2. What issues would need to be considered in order to integrate with the customs pre-declaration the submission of the certificate's application data, as well as the transmission by customs of response and follow-up actions by partner government authorities.? In particular, think about the data follows between Member State and EU databases, and any legal implications from the relevant EU legislation.

Looking at the process described before, as a prerequisite, the following processes **could** be made electronically:

– The lodging of the (uncompleted) movement document(s) to the competent authority as part of the notification and the customs declaration to place goods under a customs procedure (i.e. release for free circulation or transit)

– The prior information regarding actual start of shipment where the notifier sends signed copies of the then completed movement document to the competent authorities concerned and to the consignee at least three working days before the shipment starts (Art. 16 a and b WSR)

– The delivery of a copy of the (complete) movement document to the customs offices of entry, export and exit

– The stamped statement of the customs office of entry/ exit that the goods has entered/ left the EU (Blocks 20, 21 and 22 of the copy of the movement document. These blocks must be used for control by customs offices at the borders of the EU)

Furthermore

- Communication between the competent authorities and the offices of entry, export and exit should be electronically

  note:

  - a (EU) database with the decisions to consent issued by the competent authorities could be envisaged
  - with a database, customs can check whether or not a positive decision was made

- Communication between the office of entry and exit and the competent authority should be electronically

  note:

  - a (EU) database with the decisions issued by the competent authorities could be envisaged
  - with a database, customs can certify the entry or exit in the database
  - is a separate certification of exit required as customs certifies the exit of the goods and registers this, it can be envisaged that this is also sufficient proof for the competent authority

A problem for this is that the goods have to be accompanied by the movement document and stamped on regularly base. Looking into the process with third countries, to get rid of this paper requirement, the end-to-end process should be electronic. Carriers should also have to connect to an electronic system.

When processes at customs and at the competent authority would be integrated:

- The dataset of the customs declaration should harmonised and to be extended with the requirements from the WSR.
- There should be an interface between the declaration management system of Customs and the envisaged electronic process of the competent authority to provide the latter with the notification
- The extended dataset (customs declaration^{+}) should be lodged before the goods are presented to customs.
- The declaration management system of customs should be able to check the envisaged database in order to be able to accept the customs declaration.
- Legislation (UCC and WSR) should be amended to open the possibility to lodge a combined declaration; one could envisage a legal obligation.

3. What EU action would be needed in order to facilitate the integration process, e.g. through harmonising the datasets and flows of data between Member State and EU databases?

- Amend legislation on Customs
  - extend the dataset for customs declaration
  - introduce the possibility to lodge a combined declaration
- Amend legislation on Waste
  - Introduce the possibility of an electronical process
  - introduce the possibility to lodge the movement document in alternative ways
  - Introduce obligations for interfacing between customs systems and competent authority's systems (regarding Waste)
  - Basel convention to be considered as the replacement of the paper copy of the movement document also affects third countries
- Modify current customs systems to meet requirements
  - National declaration management system
  - ECS
- Integrate intra-EU and other (import and export) processes regarding notification and movement at the competent authority. Align processes and legislation to have a better grip on waste shipment to counter organised crime.

Note: customs transit is not taken into account (yet), as customs does not play a role in transit per the WSR. Only when goods enter while they were placed already under the common transit procedure there could be an overlap between procedures.

4. Describe how the process for submission of the **customs** pre-declaration and certificate's application data would look after integration takes place.

At export

- Ahead of the point of time of export (within 30 days), a customs declaration is submitted containing:
  - customs requirements
  - WSR requirements regarding the notification document
  - WSR requirement regarding the movement document
- The relevant CA's (transit and destination) give their consent electronically
- The CA of dispatch registers the consent electronically and notifies the notifier

Note:

The movement document is electronically available during transport of the goods (e.g. by way of an app or through web access)

- At least three days prior to shipment, the carrier notifies the CA of dispatch
- Goods are presented for export at the customs office of export
- Customs accepts and verifies the customs declaration
- Goods are released for export by **customs**
- Goods are presented at the customs office of exit
- Goods are released for exit by **customs**
- **Customs** releases goods for export
- Goods are transported to the customs office of exit and presented there
- Goods leave the customs territory of the EU

The CA of dispatch is informed of the exit of the goods

Benefits for national customs authorities, partner competent authorities and economic operators

5. Describe likely benefits of the integrated solution for customs authorities and partner competent authorities in terms of such aspects as fraud prevention from the provision of more consistent data and time savings from more efficient certificates submission and processing. Quantify estimates where possible, or give a sense of their magnitude and how they would be spread across different authorities.

According to the study to support the impact assessment for a future Single Window environment (see Annex E below), about 320 000 import and export declarations per year are subject to the Regulation.

For these, the major benefit would be that the process would be completely electronical instead of paper-based and. In general, electronic data interchange would result in a more efficient implementation of the Waste Shipment Regulation, by reducing the amount of paperwork and limiting the delays caused by exchanging data and decisions on paper.

Further the likely benefits are more related to protection of the environment from uncontrolled and unnoticed dumping of waste within and outside the EU. Changing the process on legitimate shipments from paper to electronic could enhance the detection rate of this illegal shipments.

6. Describe likely benefits of the integrated solution for economic operators in terms of reduced administration burdens from e.g. the establishment of a single communication channel, integrated process, reduced need for multiple submission of the same data. Quantify estimates where possible, and / or give a sense of their magnitude and how they would be spread across different types of economic operators.

While not possible to quantify, benefits along the lines of the following could be expected:

- Making the process electronic instead of paper based would provide for savings in terms of paper use, printing, post charges for manual validation, costs for archiving.
- Increased opportunities for harmonisation across the EU
- Standard electronic archiving would allow hard copy archiving to be eliminated.
- Electronic communication and submitting data will prevent that documents get lost.
- Electronic communication can prevent that data is missing or submitted in a wrong format.
- Electronic communication will offer an audit trail (i.e. what happened when and where).

Costs for national customs authorities and partner competent authorities and economic operators

7. Estimate the likely implementation costs of the integrated system for customs authorities, partner competent authorities, European Commission and economic operators. Please distinguish between one-off costs, training and recurrent IT costs of any new systems. Estimates could be derived based on national experiences, e.g. in Spain, the Netherlands and Italy. Quantify estimates where possible, and / or give a sense of their magnitude and how they would be spread across different authorities.

The costs would depend on several aspects, namely:

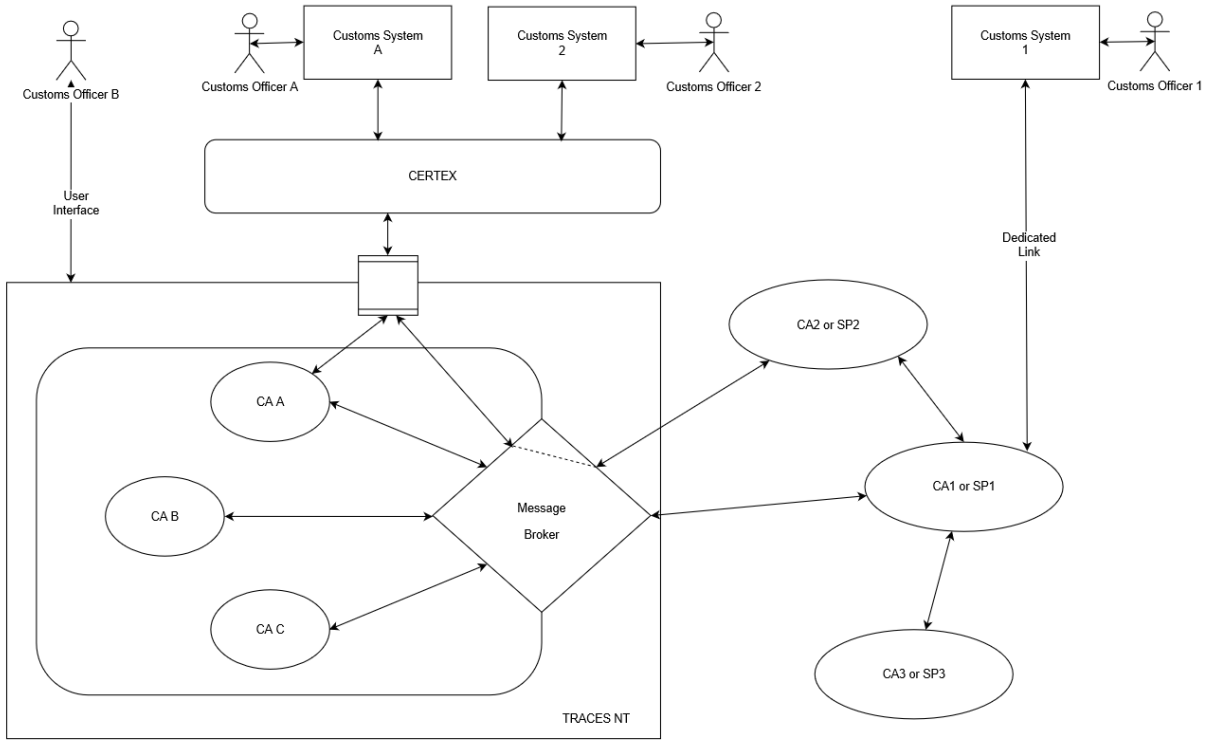
Required communications flows, data sets and legal requirements
The systems and providers that are used.
The scale of the necessary changes in terms of procedures, personal and IT
The frequency of required maintenance / updates to be done.

Conclusions

Waste shipments entail complicated processes, many of which still require paper documents, and involve a large number of actors, including third-country authorities. Important legislative changes and major costs for customs authorities, partner competent authorities and economic operators would thus be required in order to introduce and implement a B2G single window for the relevant goods movements. Given the limited resources (which are constrained among other things by the costs of IT projects associated with the Union Customs Code), it is concluded that waste shipment should not be a candidate for inclusion in a B2G single window. Rather, the focus should be on digitalising processes such that subsequent integration is easier for all parties involved. This would also allow time for the application of lessons from the integration of other regulatory requirements in the meantime, reducing the likely costs and making such an option more desirable to stakeholders.

Appendix D.3.1

DG ENV is also planning to develop the below WSR network according to the below diagram.



Parties involved in the WSR concerned authorities (Competent Authorities, Customs Authorities) as well as operators (Notifiers, Consignees, Installations and Carriers). The WSR network intends to allow electronic data interchange between all parties. This concerns parties already having systems and also those having no digital solution and for which a new system will be developed.

The digital solution for parties having no system will be implemented in TRACES NT (see examples CAx representing systems for Competent Authorities or operators). Those parties will be able to interoperate between themselves but also with existing systems outside TRACES NT (see examples CAx or SPx for Competent Authorities and Service providers for operators) via a specific component called the Message Broker (MB). Every message issued by a party shall be routed via the message broker in order to be sure to reach the recipients, wherever it is located in the network. Although, existing bilateral connections can continue to coexist (see for example the link between CA1 and CA3) until parties have implemented their access to the message broker.

Messages routed via the message Broker will be stored for asynchronous distribution to national Customs systems. It is foreseen to use the bridge with CERTEX to exchange in/out the information/documents with Customs systems. WSR parties outside TRACES NT which do not use the MB will have to implement a dedicated link with their national Customs systems to electronically communicate with them.

Note:

As mentioned above, a business case is only envisaged for export. For import and transit (whether or not under customs supervision) there is an obligation to deliver a copy of the notification document and movement document by the carrier. These will be verified and stamped and send by customs to the competent authority.

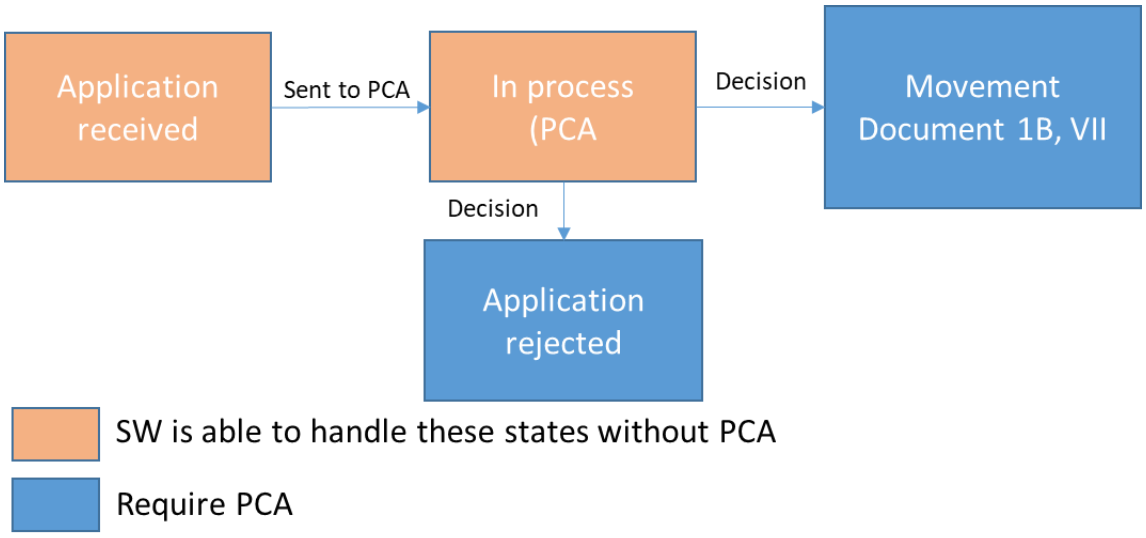
Appendix D.3.2

From Spain a brief description on their pilot was received.

B2G Waste Spain- Status Summary

In the last meeting with the National PCA concerning the B2G for the Waste movement document, we agreed the following:

- In line with the current scope of our National Customs SW, the Project will be initially limited to Import movements. As the National Customs SW evolves, it will be extended to other procedures.
- The National PCA is competent for EU border crossing movements. For other movements (eg. Intra EU), the Regional Authority is the competent one. Thus, the Single Entry Point (SEP) for movement documents is considered a facilitation.
- The SEP is applicable to documents concerning procedures were both authorities are involved (eg. at Import is required both a Customs Declaration and a Waste Movement Document). Thus, Annex 1B and Annex VII will be covered by the SEP. On the other hand, Annex 1A is not included as when this document is to be issued the Customs Authority is not involved.
- It is understood that the same Economic Operator requests both the Movement Document and presents the Customs Declaration.
- The Business Process (BP) to be implemented in the National Customs SW to include the Waste Movement Documents is the following



- The National Customs SW will allow the Economic Operator to print the movement document, as this needs to be carried during the journey.
- Once the journey is finished, the Economic Operator will be able to upload the finalized movement document (i.e. the movement document that includes all required signatures / stamps from the journey) onto the National Customs SW to make it available to the National PCA.

Appendix D.3.3

Table D.3.1: Regulatory Areas of the EC Waste Shipment Regulation for Shipments within, into and through the EU

Transfrontier shipment	within the EU Articles 3 to 17	import into the EU Articles 41 to 46	transit through the EU, Articles 47/48
Waste for recovery Annexes III, IIIA and IIIB ≤ 20 kg	free movement Art. 3 (2)	free movement Art. 3 (2)	free movement Art. 3 (2)
Waste for recovery Annexes III, IIIA and IIIB > 20 kg	information requirements Art. 18	information requirements Art. 18	information requirements Art. 18
Waste for recovery Annexes IV und IVA	permitted notification according to Articles 4 to 17	prohibited, with exceptions ♦) notification according to Articles 43 to 46	permitted notification according to Art. 48
Waste for laboratory analysis ≤ 25 kg	information requirements Art. 3 (4), Art. 18	information requirements Art. 3 (4), Art. 18	information requirements Art. 3 (4), Art.18
Waste for disposal	permitted notification according to Art. 4 to 17	prohibited, with exceptions ♣) notification according to Articles 41 and 42	permitted notification according to Art. 47

♦) the import from countries to which the OECD Decision applies, Parties to the Basel Convention and countries with which bilateral agreement exist is permitted

♣) the import from Parties to the Basel Convention and countries with which bilateral agreements exist is permitted

Potential role for customs

Table D.3.1: Regulatory Areas of the WSR for shipments out of the EU (export)

Transfrontier shipment	Export from the EU to countries to which the OECD Decision applies Articles 18, 34, 35 and 38	Export out of the EU to countries to which the OECD Decision does not apply; Articles 18, 36 and 37
Waste for recovery Annexes III, IIIA	information requirements within EU Art. 18; Art. 38	information requirements within EU, Art. 18, but special provisions ♦) according to Art. 37
Waste for recovery Annexes IV, IVA	permitted notification according to Art. 38	not applicable
Hazardous waste for recovery according to Annex V♠)	not applicable	prohibited
Waste for disposal	prohibited, with exeptions ♣) notification according art. 35	prohibited

♦) according to Commission Regulation No 801/2007 including issued corrections and amendments

♠) also see Figure 1 concerning Annex V

♣) export is only permitted to EFTA countries which are Parties to the Basel Convention

Potential role for customs

ANNEX E: AFFECTED DECLARATIONS FOR THE POLICY OPTIONS

The tables below present the estimated number of customs declarations that would be affected by each of the policy options examined in depth for the study. Since there are no EU-level registries on the number of customs declarations subject to the different regulatory requirements covered by each option, participants in the project group were asked to provide data for their Member States. The figures from the fifteen Member States able to provide data were then extrapolated based on trade statistics to cover the whole EU. This allows for reasonably accurate estimates of the number of affected declarations for each option. It should also be borne in mind that, rather than coming online instantaneously, any of the policy options that is implemented would be phased in gradually over a period of seven years, with full capacity reached from year eight onwards.

Table E.1: Estimated number of declarations per year subject to regulatory requirements covered by option 1

Regulatory requirements covered	Estimated no of declarations / year (thousands)
Import requirements	
CHED-PP	972
CHED-P*	655
CHED-D**	641
Catch import	417
Waste import	231
COI	135
CHED-A***	96
FLEGT	57
ODS import	13
Combined estimates for FGAS, Cultural goods import, Product safety	482
Total imports	3 699
Export requirements	
Waste export	188
PIC	127
ODS export	72
Export licence cultural goods	20
Catch export	23
Total exports	**430**
Overall total	**4 128**

Source: Declarations and supporting documents data from Member State customs authorities; Extrapolations based on Eurostat trade data.
**Based on figures for predecessor CVED-P; **Figures based on predecessor CED; ***Figures based on predecessor CVED-A.*

Table E.2: Estimated number of declarations per year subject to regulatory requirements covered by option 2

Regulatory requirements covered	Estimated no of declarations / year (thousands)
Import requirements	
Certificate of conformity import	625
AGRIM	244
CITES import	134

Precursors import authorisation	1
Estimate for trade surveillance document	50
Total imports	**1 054**
Export requirements	
Certificate of conformity export	814
Dual use export	595
CITES export	141
AGREX	72
Drugs precursors export	19
Total exports	**1 641**
Overall total	**2 695**

Source: Declarations and supporting documents data from Member State customs authorities; Extrapolations based on Eurostat trade data
†Estimated total of affected certificates for the Trade Surveillance Document.

Table E.3: Estimated number of declarations per year subject to regulatory requirements covered by option 6

Regulatory requirements covered	Estimated no of declarations / year (thousands)
Import requirements	
CHED-PP	972
CHED-P*	655
CHED-D**	641
Certificate of conformity import	625
Catch import	417
COI	135
CHED-A***	96
FLEGT	57
ODS import	13
Combined estimates for cultural goods import and trade surveillance document	361
Total imports	3 971
Export requirements	
Certificate of conformity export	814
ODS export	72
Catch export	23
Cultural goods export	20
Total exports	**928**
Overall total	**4 899**

Source: Declarations and supporting documents data from Member State customs authorities; Extrapolations based on Eurostat trade data.
**Based on figures for predecessor CVED-P; **Figures based on predecessor CED; ***Figures based on predecessor CVED-A; †Combined estimated total of regulatory requirements for which data was unavailable, namely Cultural goods import and the Trade surveillance document.*

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KP-04-20-124-EN-N

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